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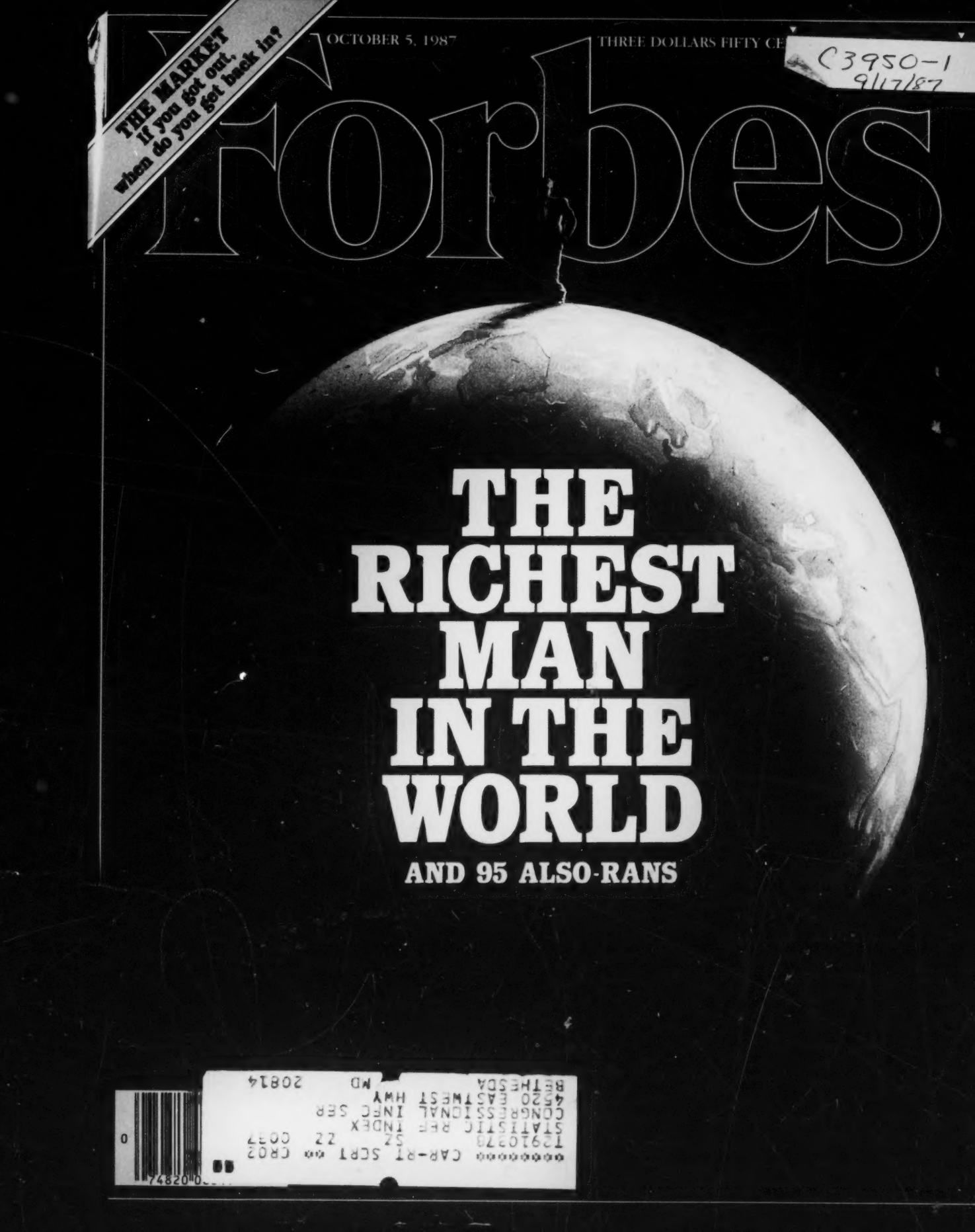
THE MARKET
If you got out,
when do you get back in?

Forbes



THE RICHEST MAN IN THE WORLD

AND 95 ALSO-RANS

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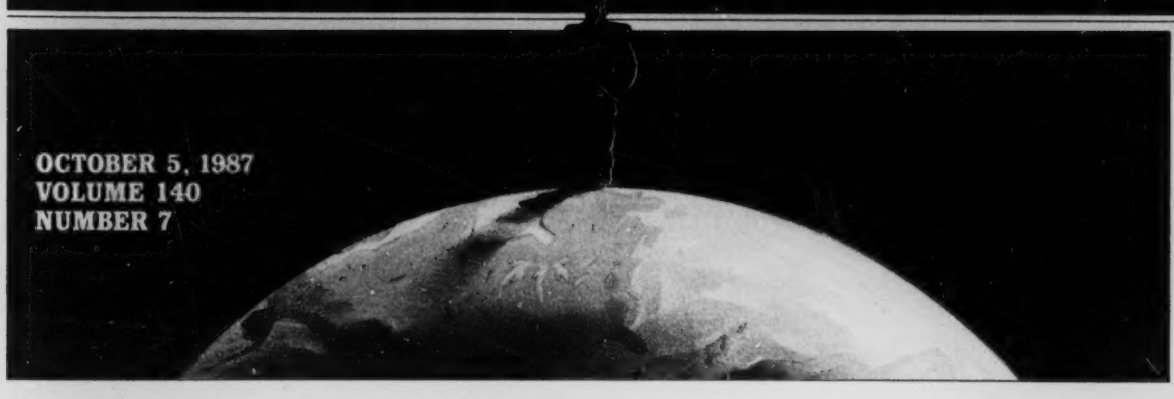


OCTOBER 5, 1987
VOLUME 140
NUMBER 7

THE EDITORIAL INDEX OF COMPANIES REFERRED TO IN THIS ISSUE IS ON PAGES 248 AND 249.

COVER STORY

81 The World's Billionaires
The editors of FORBES, who know a thing or two about the richest people in America, report here on the richest people elsewhere on the planet. We found 96 individuals and families with net worths of $1 billion or more.

COMPANIES

32 Stuart-James Co. Inc.
By David Henry
Hold on to your wallet: A new bucket shop is after what's in it.

36 Echo Bay Mines
By Howard Rudnitsky
The firm has done well, but is Wall Street expecting too much?

37 Shearson Lehman Brothers
By Deirdre Fanning
Want a smart spot to launch a securities scam? Try your broker's office.

38 ComFed Savings & Loan
By Jack Willoughby
Mortgage banking used to be easy money until interest rates firmed.

40 CPC International
By James Cook
Greenmail? Well, at least the shareholders got something.

50 National Car Rentals
By Steve Weiner
Has PaineWebber added any value in its takeover of the rental firm?

56 Shaklee Corp.
By Ellen Paris
Anyone for a fruit-enriched vitamin?

57 Dominion Federal Savings & Loan
By Matthew Schifrin
Tired of making money the boring old way? So was Bill Walde.

174 Cleveland-Cliffs
By Peter Fuhrman
In 1857 the firm taxed its shareholders to save itself. Will it work again?

184 The Up & Comers: Family Affair
By Stanley W. Angrist
How a couple of young idealists stayed pure and made money to boot.

188 The Up & Comers: Audio Alchemy
By Gail Buchalter
If a market develops for stereo TV programs, look up Frederic Chace.

198 Bohemia Inc.
By Marc Beauchamp
Both Uncle Sam and stronger timber prices had a hand in this turnaround. But so did nimble management.

GOVERNMENT

34 Anything Goes
By Laura Jereski
In olden days, the FDIC just insured plain old bank CDs. No longer.

35 Après Moi . . .
By Allan Sloan
If you think that FSLIC is borrowing its way out of trouble, think again.

INVESTING

74 Post Time?
By Kerry Hannon
The odds are improving in the Thoroughbred horseflesh game.

DEPARTMENTS

6 Side Lines
8 Follow-Through
12 Informer
14 Readers Say
17 Fact and Comment
22 Other Comments
25 Fact and Comment II
251 Flashbacks
252 Thoughts

COLUMNISTS

237 Ben Weberman
238 Kenneth L. Fisher
240 Stanley W. Angrist
242 Esther Dyson
244 Mark Hulbert

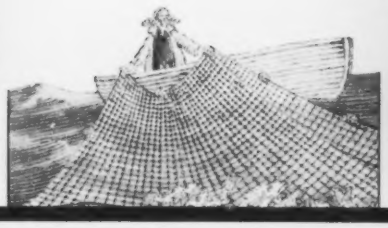
MONEY & INVESTMENTS

27 What's Ahead For Business
28 The Forbes Index
229 The Forbes/Wilshire 5000 Review

Cover illustration by Greg Couch

34 *College Savings Bank's Peter Roberts*

64 *Multinational tax trap*



184 *Bob and Melinda Blanchard*

178 The Funds: Investor Bites Sleeping Dog
By Richard Phalon
Discovery: a quick cure for those chronic closed-end fund discounts.

232 Statistical Spotlight: The Price Of Growth
By Michael Ozanian
Buy a stock if its P/E ratio is less than the growth rate. What stocks meet that criterion?

246 Streetwalker
CRS Sirrine; Town & Country Jewelry Manufacturing; Shorewood Packaging; International Lease Finance; United HealthCare.

INTERNATIONAL

46 Millions For Expansion But Not One Cent For Tribute
By Subrata N. Chakravarty
There is only one Indian name among our billionaires and it's not Tata.

60 Hostile Skies
By Hiroko Katayama
Japan's All Nippon Airways can now fly abroad. Good news?

181 The Boys From Bahrain
By Richard C. Morais
Arab-financed Investcorp was behind the flip of Tiffany & Co. What's next?

190 Shamianas, Anyone?
By Pranay Gupte
Developing countries need fewer socialist planners.

INDUSTRIES

42 Second Thoughts On Second Mortgages
By Ben Weberman
Home equity loans are not the bonanza the banks expected.

172 Sitting Pretty
By Lisa M. Keefe
Deregulation has upset the natural gas business. But not Seagull Energy.

TAXING MATTERS

64 Innocent Victims
By Laura Saunders
Multinational firms are getting caught in a tax haven trap. Also: Pension deductions.

ON THE DOCKET

67 Quackus Tyrannus
By Richard Greene
Power to license implies power to revoke. Doing so can get you sued.

MARKETING

202 Listen Up, Mister Marketer
By Jeffrey A. Trachtenberg
Researchers have plenty of numbers. What they need is insight. Hence the reviving interest in focus groups.

SCIENCE & TECHNOLOGY

206 Degradable Polymers?
By Jan Parr
There's a new solution to the mounting rubbish of throwaway America.

PERSONAL AFFAIRS/CAREERS

213 American Fabergé
By Anne Matthews
Arizona bound? Here's a guide to its treasures of native art.

220 Life In The Outside Lane
By Dyan Machan
At the eye of those Schumpeterian storms live execs like Alan Shaver.

FACES BEHIND THE FIGURES

224 William Isaac, *Secura Group*
224 Russell Carson, *Welsh, Carson, Anderson & Stowe*
226 Foster Aborn, *John Hancock Mutual Life*
226 Rafi Harlev, *El Al*

October 5, 1987 Volume 140 Number 7 Forbes (ISSN 0015 6914) is published biweekly except weekly during two weeks in April and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $45 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

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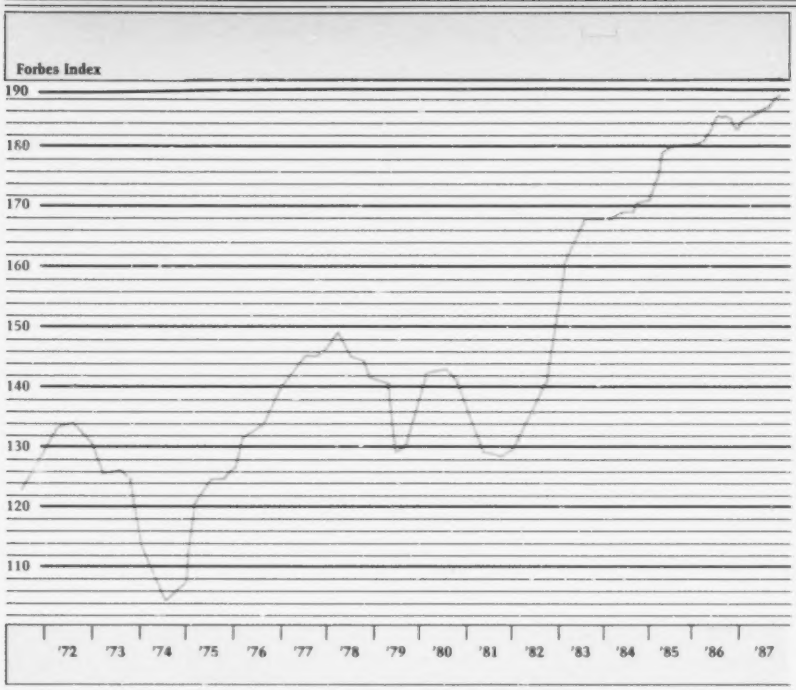
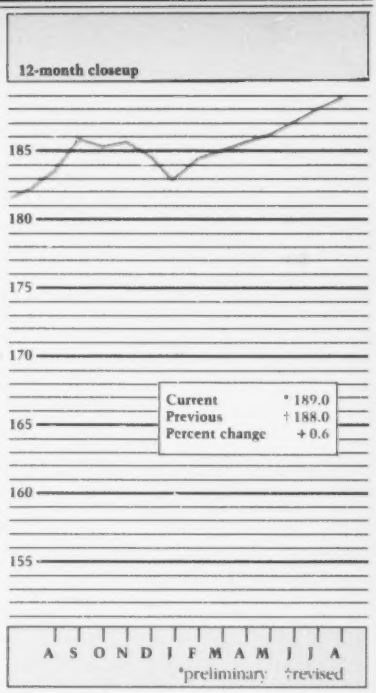
The Forbes Index





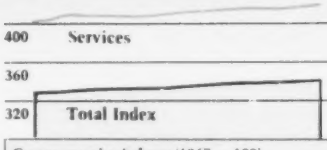
Working for a living. The trailing six-month total of initial unemployment claims fell 3.2% for the March-August period. New unemployment claims averaged only 306,000 per week in August, the lowest level in almost 13 years. The well-employed work force is spending heavily. Consumer installment credit outstanding, for example, rose to $591 billion in July, as the May-July average went up 0.4% from the previous three-month average. These two components helped boost the Forbes Index 0.6% during the most recent reporting period, the biggest gain in six months.

The ratio of manufacturers' new orders for durable goods (three months through July) to inventories (July) slipped 0.1%. Defense orders were relatively weak.

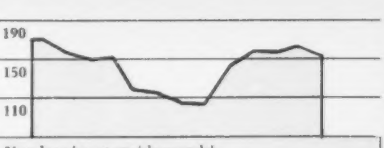
The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

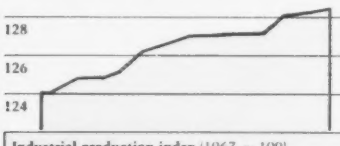
To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



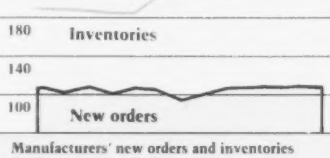
Consumer price indexes (1967 = 100)
all urban consumers, unadjusted (Dept. of Labor)



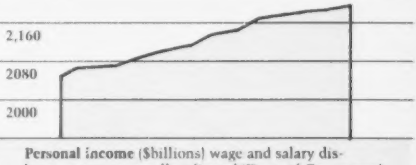
New housing starts (thousands)
privately owned, unadjusted (Dept. of Commerce)



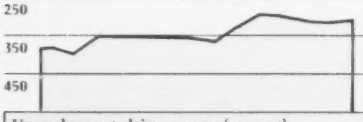
Industrial production index (1967 = 100)
seasonally adjusted (Federal Reserve)



Manufacturers' new orders and inventories
($billions) seasonally (Dept. of Commerce)

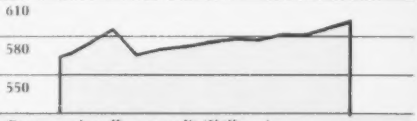


Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



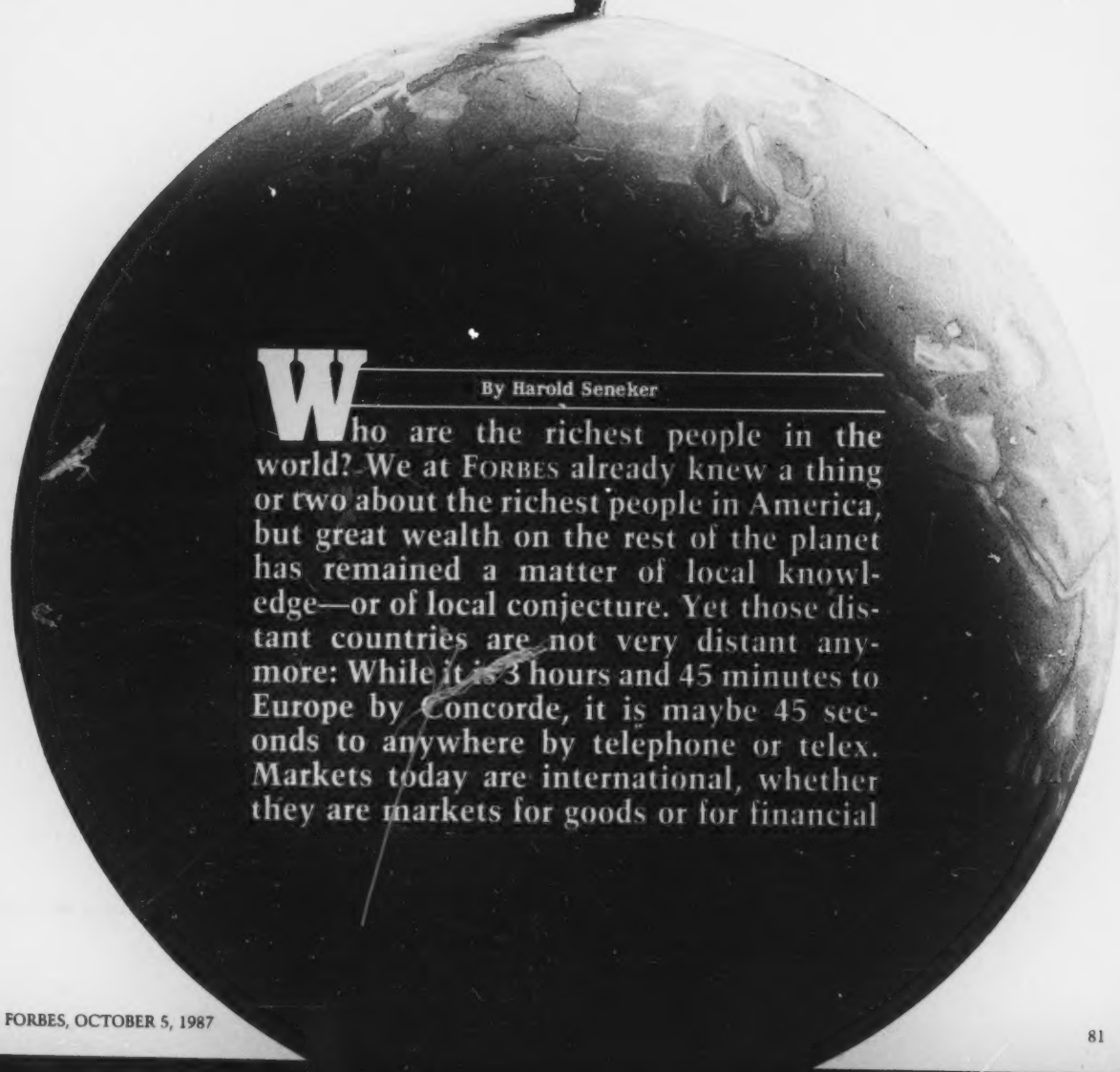
Unemployment claims average for month
(thousands) seasonally adjusted (Dept. of Labor)

Retail store sales ($billions)
seasonally adjusted (Dept. of Commerce)



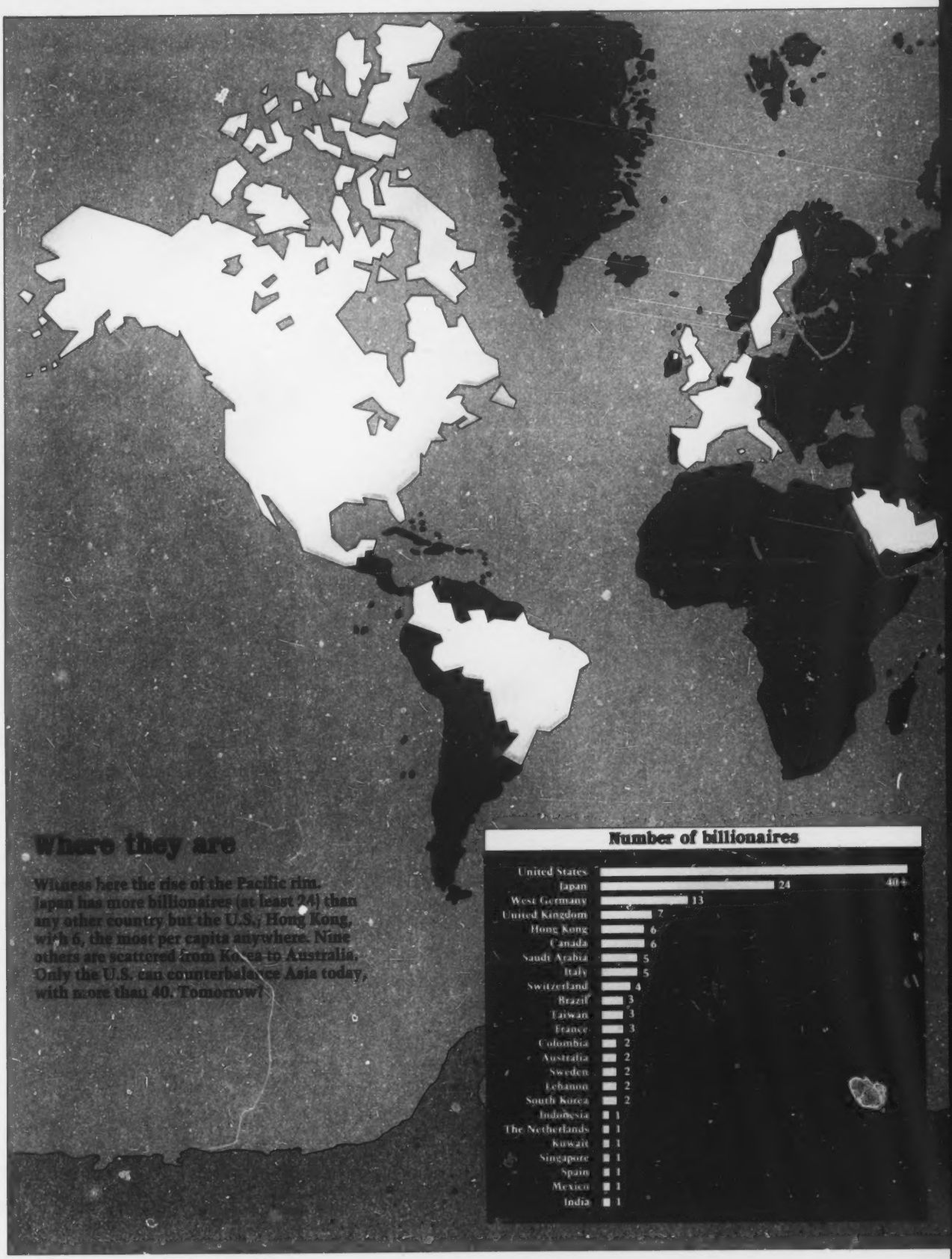
Consumer installment credit ($billions)
total, seasonally adjusted (Federal Reserve)

THE WORLD'S BILLIONAIRES



By Harold Seneker

Who are the richest people in the world? We at FORBES already knew a thing or two about the richest people in America, but great wealth on the rest of the planet has remained a matter of local knowledge—or of local conjecture. Yet those distant countries are not very distant anymore: While it is 3 hours and 45 minutes to Europe by Concorde, it is maybe 45 seconds to anywhere by telephone or telex. Markets today are international, whether they are markets for goods or for financial


Where they are
Witness here the rise of the Pacific rim. Japan has more billionaires (at least 24) than any other country but the U.S., Hong Kong, with 6, the most per capita anywhere. Nine others are scattered from Korea to Australia. Only the U.S. can counterbalance Asia today, with more than 40. Tomorrow?
Number of billionaires
United States 40+
Japan 24
West Germany 13
United Kingdom 7
Hong Kong 6
Canada 6
Saudi Arabia 5
Italy 5
Switzerland 4
Brazil 3
Taiwan 3
France 3
Colombia 2
Australia 2
Sweden 2
Lebanon 2
South Korea 2
Indonesia 1
The Netherlands 1
Kuwait 1
Singapore 1
Spain 1
Mexico 1
India 1

instruments. German brands familiar in the U.S., Japanese brands familiar in France, U.S. brands familiar almost everywhere.

National boundaries still satisfy politicians, but they no longer restrain business people. Rupert Murdoch comes to live among us from Australia, and our three TV networks tremble. Reinhard Mohn of Germany buys one of our biggest book publishers *(see p. 124)*. A Chinese multibillionaire in Indonesia buys and sells a well-known San Francisco bank to serve his own purposes half a world away *(see p. 113)*. Billionaire cocaine lords in Colombia teach us fear on our streets *(see p. 153)*. Shigeru Kobayashi in Tokyo might already own the building where you have your office—if not today, possibly tomorrow *(see p. 99)*. But never mind: American 7-Elevens and Denny's restaurants helped make his countryman Masatoshi Ito a multibillionaire.

We decided that it is time to look at Earth's non-U.S. billionaires. We do so in this issue—the more than 40 billionaires who are U.S. citizens will be covered in our Oct. 26 issue of The Forbes Four Hundred.

We have identified 69 non-U.S. individuals with a net worth of $1 billion or more, and 27 families in that fiscal category—altogether, 96 private entities. Add, say, 45 U.S. billionaires, and you have an exclusive group with a membership of about 140 out of a world population of about 5 billion.

Did we get them all? Probably not. There are undoubtedly plenty more where these came from, but what we found is enough for now: Taking them all together amounts to an arresting, first-time-ever business portrait of the rest of the world.

After the U.S., Japan leads with 24 billionaire individuals or families. In Japan and the Pacific most of the big fortunes are still in first-generation hands—run and owned by the people who founded them. Not so in Europe: The 36 identified European billionaires mostly inherited large businesses and either maintained them or made them bigger.

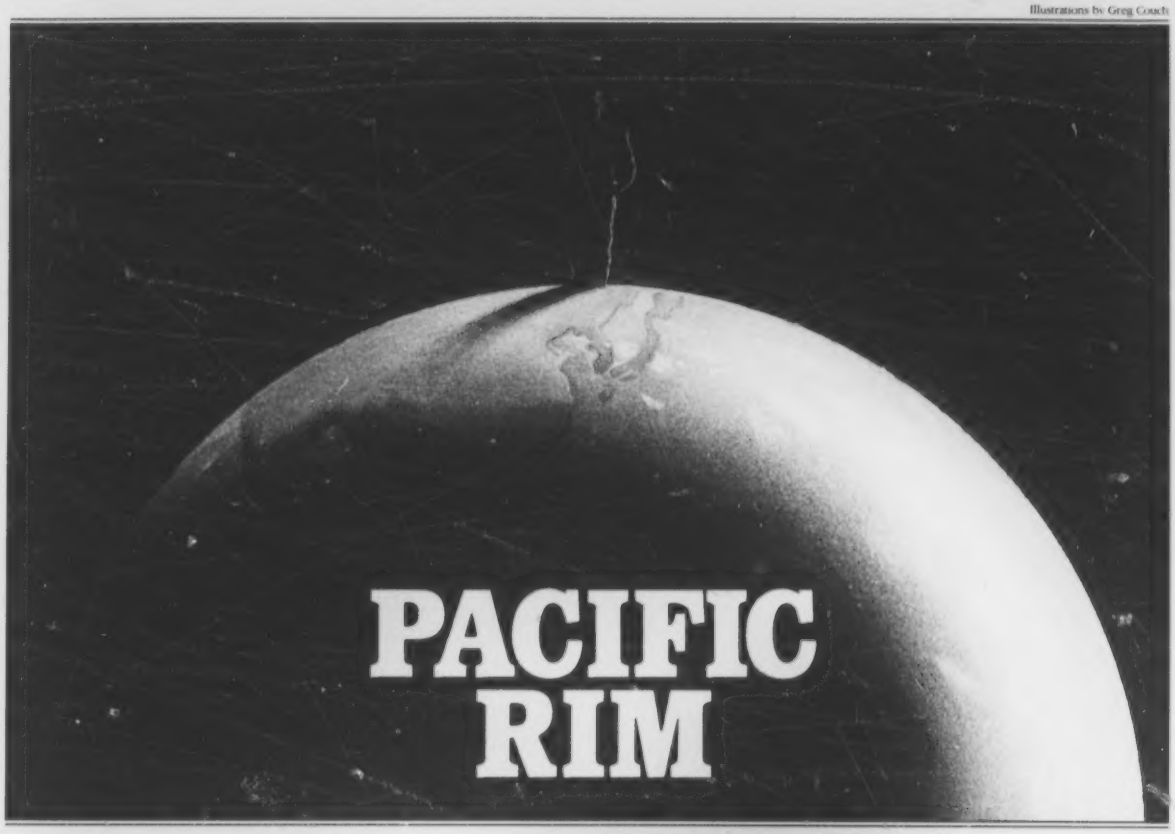
Royalty and dictators? King Fahd of Saudi Arabia could be called the richest of all, since the Saudi royal family names itself as the owner of that country's oil reserves, and the Sultan of Brunei might be second richest, but their power is political first and economic only secondarily. So we left them out *(see p. 164)*. We also left out political tyrants like Fidel Castro and Kim Il Sung, because their luxury and power depend on the gun and the knife, not on economic prowess. We left out Ferdinand Marcos and an ex-president of Mexico, because we can't trace their wealth—which, at any rate, is stolen, not won.

We even set aside people with a mere $999,999,999.99 or less to their name—denominated in U.S. dollars at current exchange rates. That left out a number of wealthy Indians, who, though immensely rich, denominate their assets in rupees, which have a low exchange rate against the dollar.

A billion dollars seemed a good place to draw a line between wealth and great wealth. How someone managed to make or hold a billion dollars is likely to tell you something about how the world works. ■

COMING: The Forbes Four Hundred—the 400 richest people in the U.S. Dated Oct. 26, our sixth annual compilation of U.S. wealth will list the four dozen or so individual Americans who qualify as billionaires.

Illustrations by Greg Couch



PACIFIC RIM

Japan

YOSHIAKI TSUTSUMI

*The World's Richest Man**

Everything that contributes to putting a man among the world's billionaires came together in the richest one of all: He is Japanese at a time when Japan is becoming the wealthiest nation. He owns a lot of scarce land. He inherited money, thus having a head start, but overcame the usual disadvantages of wealth by proving as tough and shrewd as any self-made man.

And he was lucky.

His Seibu Railway group is Japan's biggest and richest landlord. It was founded by his father, Yasujiro Tsutsumi, the son of a poor farmer.

The father was left an orphan early and was raised by his paternal grandparents. When they died he turned away from farming, selling the farm to finance an education. At college, he wasn't your typical studious Japanese. He speculated in stocks and operated small businesses. Most of his ventures failed, but then he discovered real estate development in 1918, when he was 30. By 1922 he was a success, with the money to start the bus and railway transport business that is now Japan's well-known Seibu Railway. After World War II, many Japanese aristocrats had to sell their ancestral properties in order to survive and Yasujiro went deep into debt to buy from them. Properties thus acquired became the nucleus of Japan's giant Prince Hotels chain. Yasujiro did not become liquid until the last decade of his life, and even then he aggressively piled up property. Aside from making money, women were his only hobby. He married three women

Yoshiaki Tsutsumi Zaikai

*But see page 164

and kept many mistresses. Yasujiro died in 1964.

Yoshiaki Tsutsumi—his heir and the world's richest man—was the son of a mistress. A brilliant but rebellious legitimate half-brother grew up a communist activist dedicated to Japan's radical student politics, and later became a novelist who seemed to mine the family's private life for material. Yoshiaki proved a loyal and dedicated son. Guess who inherited the bulk of the fortune.

Yoshiaki got most of the property, leaving half-brother Seiji with the Seibu department store chain and some real estate.

His father demanded that Yoshiaki sit at the side of an experienced manager, Shojiro Kojima, which he did for about a decade after the old man's death. He has struck out on his own, and between 1972 and 1979 he opened eight new Prince Hotels with great success (the newest, the Yokohama Prince, with 885 rooms, is scheduled for 1989). He is also developing several big resorts.

Now 53, he hasn't mellowed, despite his wealth and success. "I need mediocre employees," he is quoted as saying, "only my managers need to be intelligent." And he is demanding: "If you want to be a manager, forget about days off." He is regarded with such awe that a mere rumor that a new Seibu project is in the works makes land prices rise nearby.

Today the Seibu empire, parts of it publicly held, consists of railways, over 30 hotels, some 25 golf courses, ski resorts, etc.—land totaling 149 million square meters and worth well over Y10 trillion—some $70 billion. Controlling this, Tsutsumi has in his own name 40% of holding company Kokudo Keikaku's stock, worth maybe $20 billion—leaving aside the 60% held in the names of two Seibu executives. No other billionaire is as wealthy as he.—**Hiroko Asami**

TAIKICHIRO MORI

World's Richest Economist

Taikichiro Mori was a scholar by inclination, rising through the academic ranks to the prestigious post of professor of economics at Yokohama City University. His father, a rice farmer turned real estate investor, frequently sought his advice on economic trends. So when his father died, Mori, now 50, was not unprepared to take over the family holdings. As his father had sought his advice, he, in the Japanese fashion, now sought the advice of older, wiser heads. Then he made his decision: He would consruct office buildings in the Minato ward, near the government's offices, but then sparsely supplied with commercial space.

Robert Wallis/JB Pictures

Taikichiro Mori

He quit the university in 1959 and founded Mori Building. As his tenants expanded in the heady atmosphere of Japan in the 1960s and 1970s, he built more elaborate space for them. Says he: "To prevent the tenants' moving to someone else's new office building, we built new ones ourselves, incessantly." Their lesser affiliated companies took the older space.

Now Mori Building owns 65 buildings with 711,000 square meters of floor space, mainly in the Minato ward and virtually all occupied. Mori predicts that Tokyo's shortage of office space will not be solved until at least the early 1990s.

Now 83, Mori still lives the part of the quiet academic: While others wear Western-style business suits and ties, he does business dressed in a traditionally simple black kimono, governing a family real estate empire worth, at today's valuations, $15 billion, net.—**Hiroko Asami**

KIYOSHI SAGAWA

Richest Truck Driver

This is not a rags-to-riches tale: His father was owner of the biggest properties in his village in Niigata prefecture and the headmaster of the local elementary school. Yet Kiyoshi ran away from home at about 17 after quarreling with his stepmother. He moved in with a cousin who ran a door-to-door delivery business. In 1955, after a fling in the construction business, he inaugurated a courier service himself. Well, sort of: At first his equipment consisted of two bicycles, and he did much of the hefting himself.

As he added employees and bought trucks, he went to 24-hour deliveries to beat competition, and introduced a powerful incentive system: high salaries, but based on the productivity of each man. Each courier was individually responsible for obtaining orders and collecting money, as well as delivering cargoes. It worked. Sales for the 1986 business year of the Sagawa Kyubin Group were Y350 billion, about $2.4 billion. Now Sagawa is 65, and his equity is estimated at Y195 billion ($1.4 billion) at minimum.

His motto is, "Earn enough money so you can afford to waste some"—meaning: If you've got it, flaunt it. His Japanese-style home in Kyoto is enormous by Japanese standards: 14 rooms covering almost a half-acre, and it is reported that inside the garden an artificial waterfall and stream can be observed. —**Hiroko Asami**

KONOSUKE MATSUSHITA

God Of Business Management

Having heard that Osaka city ran an electric railway, I had a vague hunch that the age of electricity would soon come to Japan." That vague hunch in a former farm lad's head led to the founding of what is now one of the world's great enterprises, $30 billion (revenues) Matsushita Electric.

Matsushita's first job, as a child, was in a bicycle shop, but, later, in pursuit of his hunch and his ambitions, he got a job in an electric bulb factory in Osaka, and at 24 had enough experience to go into business for himself in a primitive way. He started an electric plug factory. Matsushita's wife of two years and her younger brother, Toshio Iue (who was later to found Sanyo Electric), were

Konosuke Matsushita

his partners.

By keeping costs down and keeping up with progress in design, the little business flourished. In 1922 Matsushita made his first diversification: He added bicycle lights, and sold directly into the retailing network, Japan's notoriously long and complex distribution chain. In 1930 he added radios.

From the start, Matsushita kept his prices as low as possible, passing on to the consumer benefits of economies of scale as production increased. Low prices were a necessity in the poor Japan of the 1920s, but the strategy developed then blitzed the U.S. market a half-century later. Matsushita incessantly discounted the prices of bulbs and batteries, competing fiercely for market share in a poor but growing market.

By the start of World War II, Matsushita had grown to be one of Japan's leading electric companies.

After Japan's defeat, the U.S. occupation authorities demanded Matsushita's removal as head of the firm for his part in the war effort, but the Matsushita labor unions strongly supported their old boss and the Americans relented. In 1951 Matsushita went to the U.S. to see the famous "rich America." Now, there was a market. He pledged to make Matsushita an international corporation.

In 1956 Matsushita was the first company in Japan to introduce a medium-term (five-year) business plan. The Matsushita group now numbers 600 related companies with $1 billion in profits from 14,000 products. Matsushita is widely respected among Japanese businessmen today as the "god of business management."

What accounts for Konosuke Matsushita's extraordinary success? Certainly good labor relations played a major part. He always encouraged every employee to feel responsible for each task, and for the success of the business plan itself. He knew how to get and keep the loyalty of employees. Perhaps that is because, unlike many other self-made men, he never forgot what it was like to be poor. Matsushita started working at age 9 to help support his poor family.

With a net worth of $2 billion, Matsushita is no match for some of Japan's property billionaires, but as a respected figure he towers above them. At 92, he is regarded as an almost saintly figure.—**Hiroko Asami**

HARUHIKO YOSHIMOTO

Don't Consume, Acquire

Once, in the Edo era (1603-1867), his family was a major landlord in the Osaka area, blessed with enormous farmlands. But times changed and much of the land was lost to confiscation and taxation. When World War II ended, Haruhiko Yoshimoto's company, Yoshimoto Tochi Tatemono, owned one lot somewhat larger than 6,000 square meters. Good luck, though: The sole lot was near the Osaka station.

The family's comeback as well as Haruhiko's great fortune owe much to an old family trait: Parsimony; don't consume, acquire. His motto: Save even one yen (0.7 cents) whenever you get a chance, and with it buy land.

Kyodo Press

Haruhiko Yoshimoto

Yoshimoto appears to enjoy exploring the outer limits of stinginess in the never-ending search for one yen. "In my office it is quite rare to place a long-distance call," this multibillionaire explains in his biography. "We wait until the other end rings. Neither do we buy writing pads, which my employees obtain from banks' counters." He is the only person among the billionaires so far contacted to have asked FORBES for an interview fee. He has written more than ten books on how to be really parsimonious and on how to make money.

Now that he is nearly 64 years old, his total property portfolio—including the original parcel with its office building near Osaka station, and the other 330,000 square meters of real estate accumulated in Osaka city and Hyogo prefecture—are lately worth nearly Y1 trillion, or some $7 billion.—**Hiroko Asami**

HIDEKI YOKOI

Billion-Dollar Ruin

He is a merciless man, it is said in print, a profiteer, and much more in the same vein. His miserable childhood may provide an explanation: His family was poor, his father alcoholic. Though he wanted an education, his father said no. Hideki ran away to Tokyo at 15 and apprenticed himself to a cloth wholesaler. Soon he had his own shop. But in the 1930s, with Japan arming feverishly and the militarists increasingly dominating the government, he switched gears and went into the military supply business and soon employed 3,000 people.

Behind the rapid growth, it is reported, were corrupt connections within the military. Example: Soon after the end of the war, Yokoi reportedly paid for military supplies by forging documents and sending faked billings before the U.S. occupation government stopped all payments for military procurement.

During the occupation Hideki again became a supplier of military clothing, this time to the U.S. Now, more good timing. In the early Fifties he shut the clothing factories and entered real estate. His wealth increased, but not his popularity.

His Hotel New Japan purchase in 1979 was supposed to establish his status and reputation. This hotel, on a large and beautiful site in central Tokyo, was a landmark in the capital city. But in 1982 it burned, and 33

Lucy Birmingham

The New Japan Hotel, shown here, sits on an 8,700-square-meter (2.15 acres) plot in the heart of Tokyo. Ruined hotel and all (it is burned out within), the site is valued at some $1.8 billion. That's about $18,500 per square foot. This magazine, opened and placed on the front step, would cover an area worth almost $23,000.

Zaikai

Hideki Yokoi

persons died.

The inquiry that followed revealed Hideki had economized a bit too much: He had failed to install the required fire-prevention equipment. Convicted of negligence and sentenced to three years, he is currently out, at age 74, on $1.6 million bail, pending appeal.

Meanwhile, the value placed on the devastated hotel site has risen dramatically—tenfold or more—since the fire. Today it is valued, with ruined hotel and all, at more than $1.8 billion (Y262 billion total, his 90% equity Y235 billion). Yokoi has turned away would-be buyers. With his other properties in Tokyo's more expensive districts, his wealth is thought to be well over Y247 billion—$1.7 billion.

And what about respect and admiration and the opinion of posterity? His tomb is reported to be of enormous size, in one of the most expensive cemeteries in Tokyo. Within the tomb, costly chandeliers await his arrival. If $1.7 billion can't buy you respect, it still can buy you an impressive mausoleum.—**Hiroko Asami**

YONEICHI OTANI

Son Of Indomitable

His father was a poor farm boy who became a sumo wrestler, a wine shop operator and finally a successful businessman, and made a fortune helping rebuild Tokyo after the Great Earthquake of 1923. In the end, Yonetaro Otani's small steel mill couldn't compete with Japan's steel giants, but real estate saved the family's fortunes.

In the mid-Fifties, Yonetaro bought a 69,000-square-meter parcel in the Akasaka entertainment district, where the now well-known Hotel New Otani is headquartered. Yonetaro explained in his biography that the land was being offered by an impecunious Japanese aristocrat and the city government wanted to keep it out of foreign hands. Yonetaro bought it as a patriotic gesture. That gesture made his family billionaires. A great land and hotel business grew from it.

The son, Yoneichi, worked in the family business even while attending Waseda University. The ever-dutiful son worked in the steel business, then

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Yoneichi Otani

Robert Williams/JB Pictures

Rinji Shino

shifted to real esate. He built successfully on what his father started.

Yoneichi Otani is much different from his father. Where Yonetaro struck Japanese as imperious, Yoneichi is well-liked, open and sociable. He is also a tough, shrewd businessman: When the annex of Hotel New Otani opened in 1974, for example, he doubled the number of rooms but held the total manpower increase to about 1,350, from 1,250.

Yoneichi, now 72, has a net worth, at minimum, of Y327 billion, about $2.3 billion.—**Hiroko Asami**

RINJI SHINO

The Good Earth

Rinji Shino was born with the proverbial silver spoon. The Shino family is an old and prosperous one, which traces its ancestry to Kiyomori Taira, a ruler of Japan in the 12th century. Rinji's father was the president of Kansai Electric Power Utility Co. and owned a huge plantation-like property in the Kii Peninsula, near Osaka, worked by hundreds of sharecroppers. In the Taisho era (1912-26) he owned three villas and drove a Model T Ford—a man of considerable substance.

But the family's comfort was to be shattered. The electric company was nationalized. After WWII the huge farm was distributed to poor peasants.

Rinji Shino was determined to get the land back. He sold most of the considerable fortune in equities he inherited from his father and bought back as much Kii land as he could, both the old patrimony and any other parcels he could find at a good price. From this near obsession came a great fortune.

His land acquisitions reached a peak during 1957-59, with 1.3 million square meters near the new Osaka International Airport.

"When I bought it in 1958, the lot cost less than Y300 per square meter, but now it has shot up to Y100,000," he says. Total land properties in the Kansai area: nearly 2 million square meters, valued near Y300 billion, or about $2 billion.

He has sometimes gotten in trouble over his conversion of farmland to nonfarm uses. In 1963 he fled to France to escape an investigation into construction of his Sennan Country Club—under the laws at the time the land was not approved for use other than farming. He enjoyed himself in France but didn't neglect business. He bought there a 3-million-square-meter woodlot with heavily restricted development rights for Y200 million ($1.4 million) at the west end of Fontainebleau, near Paris. Soon the Paris subway will be extended to Fontainebleau, and land values have doubled.

No longer a fugitive, Shino, now 78, has retired to an aristocratic lifestyle at his home on a small mountain in Kii Peninsula. But there is an international touch. His home has French interiors. His two museums nearby store and exhibit the family's treasures, mainly old Chinese and Korean potteries—but also world masterpieces that include a Picasso. His table wine is a Monsieur Shino, delivered from his winery in France, where he visits at least twice a year.

And he is considering purchasing another vineyard—this time for champagne.—**Hiroko Asami**

KIYOFUMI MOROTO

The Woodsman With
The $300 Million House

Kiyofumi Moroto's fortune may be judged by his Tokyo home, a modest property, a little over an acre in the nice area near Shibuya station. Estimated worth? Y45 billion, or $316 million. Then there's a second house, in Kuwana City, on four to five acres. It may not be worth quite as much, but then its gardens are so beautiful that it has been designated a national treasure.

Moroto's isn't the usual Japanese success story. The traditional story is the son who got up earlier than anyone else and ran the family shoe store, plus a few real estate investments,

Robert Wallis/JB Pictures

Kiyofumi Moroto

into a $1 billion business. Moroto did it the old-fashioned way: inheritance.

His family, samurai warriors until they were defeated in battle 400 years ago, settled in to become agricultural landlords for a few centuries. Then the government, wanting to privatize some of Japan's national forests, made an offer that Kirofumi's grandfather couldn't refuse, and the family became forest owners instead of farmland owners.

Kiyofumi, now 75 and the present patriarch, took over at 17 because of the early death of his father. "Since then I have pledged myself to observe the will of Grandfather to live with the forest," Moroto says. Total value of his forests—some 3,000 hectares, or 7,410 acres—is estimated at well over Y16 billion, or $112 million. This, he contends, is an "interim figure" that could grow. Anyway, housing is yet to reach the peak, and Moroto wants to keep the precious logs—50- to 80-year-old cedars—off the market at what he regards the current "cheap" price.

Still, forestry is the smaller part of the family interests. Some of the land is now part of the town. Moroto rents out more than an acre in Shibuya—that's where Moroto's house and lot are, worth $316 million—and he is president of Moroto Towel, one of the largest towelmakers in Japan.

Altogether, he appears worth just about $1 billion. And think of the letters offering home equity loans.—**Hiroko Asami**

HIROTOMO TAKEI

"Sex, Sports And Screen"

They figured Hirotomo Takei would never be much of a journalist, but he really had the basics down pat: "The three Ss, namely sex, sports and screen [movies]." That was the self-described editorial policy of *Asahi Geino*, a weekly magazine he started in 1947. It was a runaway success.

Takei started as a newspaper reporter in 1943, but transferred to the business side after a couple of years, quit during a strike, first starting up a textbook house and then his own magazine. He later helped make *Yomiuri Shimbun* the biggest daily in Japan, but quit after that, reportedly saying, "I have gone too far with youthful follies," which meant his do-it-alone success had been called arrogance and angered his seniors. Very un-Japanese behavior.

Zaikai

Hirotomo Takei

What happened after that was more in the mainstream. He had inherited some real estate and proceeded to develop it after 1958. His companies now own 29 golf courses and 33 hotels. In 1964 he took over a quasi-bankrupt leisure company. Now renamed Chisan Tokan, it has interests in real estate, hotel and office rentals.

Total revenue of the Takei empire, which includes convenience stores, restaurants and newspaper distribution again, is well over Y100 billion (or some $700 million). His and his family's properties are worth a minimum Y184 billion—$1.3 billion. Takei, now 66, is semiretired, writing books and painting.—**Hiroko Asami**

MASAHITO OTSUKA

One Man's War

One man's meat is another man's poison, one man's war is another man's profit. That's the story of Masahito Otsuka. He figured that the chaos and destruction in Asia after World War II would be good for a medicine company. So, at 28, he added drugs to the family chemical manufacturing and brokering business on Shikoku Island.

He was right. Business boomed, but so many other pharmaceutical companies had the same idea, and expanded production, that Otsuka was close to bankruptcy. In too deep to turn back, he gambled and upped the production of his injectable drugs despite the business reverses—just in time for

Zaikai

Masahito Otsuka

the boom triggered by the Korean War, which started in 1950.

Business shot up from Y18 million a month to Y100 million. Still lacking the technology and money to develop the new products of the big drugmakers, he figured the only way to survive was to imitate their major products and sell them cheaper, another successful strategy.

Today, thanks to good business in anticancer drugs, Taiho, the main company of the Otsuka Pharmaceutical Group, reported Y7 billion profits on revenues of Y59 billion for the year ended June 1986. With a P/E of 95, the holdings of the 70-year-old Chairman Masahito Otsuka are worth more than $1 billion.—**Hiroko Asami**

KEN HAYASHIBARA

Sweet Revenge

It's an old story: The family fortune is stolen away, but the young heir builds a new one, even greater, while the greedy thieves fail. Hollywood loves that plot and so must Ken Hayashibara.

His great-grandfather, Katsutaro Hayashibara, founded a malt syrup company in the last century. Ken's father, Ichiro, parlayed this into what was the largest candy company in Japan, Kabaya Shokuhinas. But when Ichiro died of cancer at 52 in 1961, the candy company directors issued more stock and maneuvered control away from the family.

Ken turned to biotech, developing maltose, the basic ingredient of a sugar intravenous drip, which gave his fledgling Hayashibara Biochemical Laboratory, Inc. the dominant role in that part of the pharmaceutical market. Now he's into genetic engineering, trying to develop an interferon.

With prosperity thus restored and the family crises resolved, the 44-year-old company president is a homebody, reading and practicing his karate. And the real estate assets, which Hayashibara held on to and built up after his father's death, have mushroomed in value to about Y146 billion, or $1 billion. That even dwarfs the family's estimated Y11 billion ($77 million) equity in Hayashibara.

The lost candy company, meanwhile, has since declined sharply. Success is sweet revenge.—**Hiroko Asami**

Kyodo Press

Ken Hayashibara

SEIJIRO MATSUOKA

Early To Bed

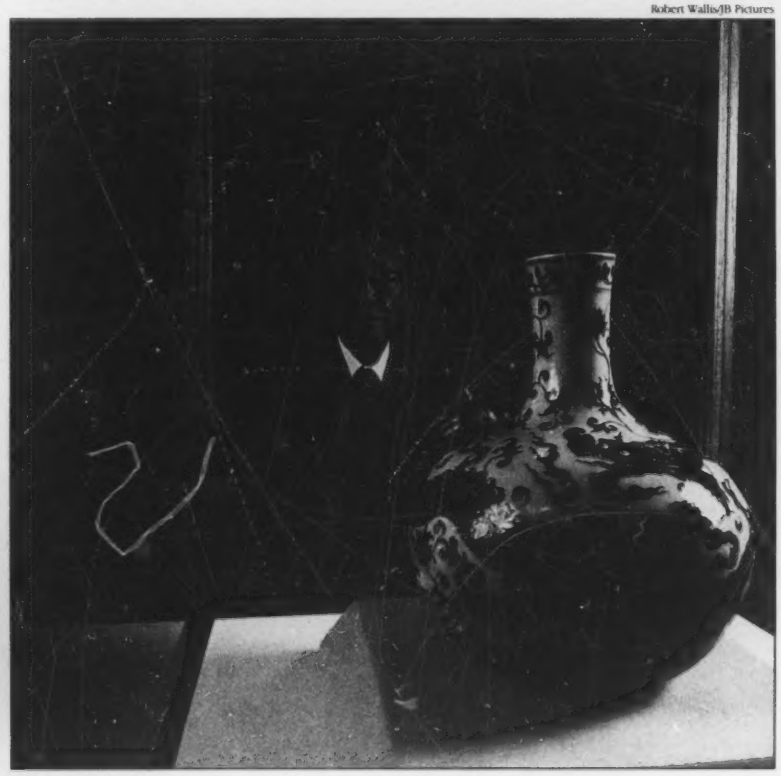
Want to become a billionaire? Seijiro Matsuoka has some advice for you: Get a lot of sleep—as much as 12 hours. He wakes at 7:30 a.m. and goes to bed at 8 p.m. (Also, he says, eat a bowl of ground white Japanese radishes every morning, enjoy a nightcap and have a hobby. His hobby? Buying art and real estate.)

Born the third son of a rice retailer in central Tokyo, he graduated from a commercial school and went to work as a clerk typist. Believing that English would be a big help to a successful businessman, he learned it from British missionaries. At 22 he founded a trading company. His first fortune came during World War I. He imported women's hair accessories and fake diamonds from what is now Czechoslovakia and was then Austria-Hungary, even though Japan had entered the war on the Allies' side. The goods were transshipped through the U.S. as long as it remained neutral. This brought enormous profit—around tenfold, he has said.

Other profits came from roundabout trades—shoe strings and pencils, for example, shipped to England, from there re-exported to Egypt. Matsuoka knew how to get around trade barriers—that was his great talent. He used to devote himself to the trading business daily until dawn.

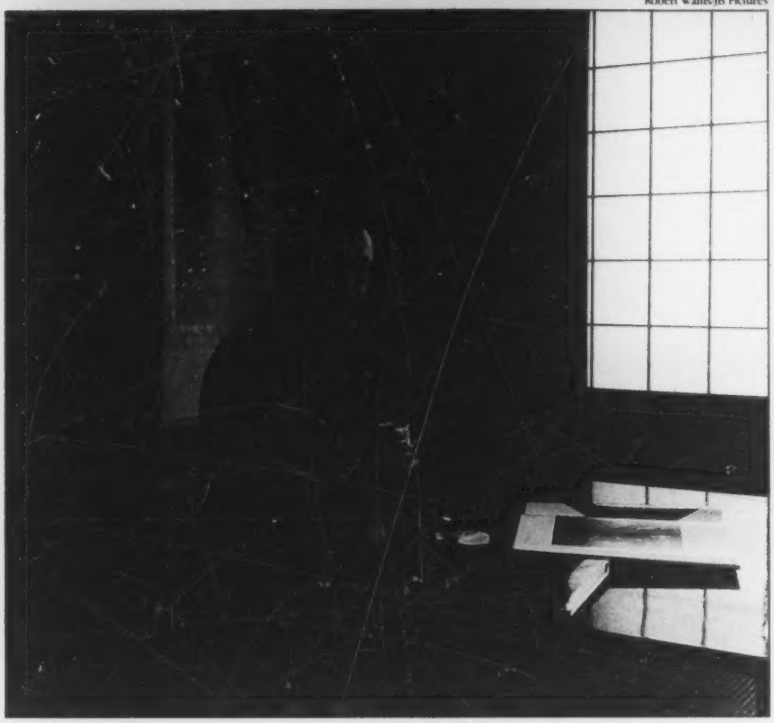
Nevertheless, the profit began to drain out of the business as conditions deteriorated in the 1920s. He switched into real estate. The Great Earthquake of 1923 gave him his first opportunity: a 100-square-meter space in the Ginza for only Y4,000.

Robert Wallis/JB Pictures



Seijiro Matsuoka

Robert Walls/JB Pictures



Shoji Uehara

Today his holdings include 20 Tokyo office buildings, plus a hotel at the Ikaho hot spring.

Now 93, he says: "I like to buy land, since it brings you money in your sleeping." He can say the same about his art collection, over 2,000 pieces, many, but by no means all, ancient Chinese ceramics. Scholars disagree on the authenticity of his pre-Christian Greek and Indian stone sculptures. But Matsuoka remains an aggressive bidder at Sotheby's and Christie's. To maybe $2 billion in real estate, add at least $100 million for his art—even if some of the stuff is of doubtful authenticity. **—Hiroko Asami**

SHOJI UEHARA

All In The Family

I will never match my father," said Shoji Uehara modestly. His adoptive father, Shokichi, had taken a small chemical company, Taisho Pharmaceutical, and turned it into one of Japan's richest companies. The father also served in the upper house of Japan's parliament for three decades.

But Shoji, now 59, was always too modest about his abilities. He inherited properties worth Y67 billion in 1983—the inheritance tax of Y25 billion set the record in Japan. Today his share of Taisho, which he ran, is worth Y112 billion, and with the shares owned by his immediate family, worth Y190 billion, or $1.3 billion.

Shoji wasn't Shokichi's real son, but a nephew through his wife. He was adopted by the couple, joined the company in 1948, was president by 1973 and chairman in 1982. Now the pattern is repeating with the company's being handed down—but not directly. Akira Uehara, the current president of Taisho, is Shoji's son-in-law. He has adopted the family name, and eventually Akira will succeed Shoji as head of the family. The bloodline will change again, but it's all in the family.**—Hiroko Asami**

YOHACHIRO IWASAKI

The Crazy Man

Born to a poor farm family like so many other Japanese billionaires (in Kyushu, the southernmost of the Japanese islands), he was apprenticed to a liquor maker and retailer. The shop bought from wholesalers the large bags of sweet potatoes used to make a Japanese firewater called *imo shochu*. To reduce cost, the youthful Yohachiro suggested the owner "field purchase"—that is, reserve the production of potato fields before harvest. Appointed as the dealer, he undertook a thorough investigation of each field, including past output results. That pattern—innovation backed up by careful, extensive study—would become his hallmark.

Japanese expansionism and development, he realized, meant extensive railroad construction; railroad ties would be needed. He jumped into logging, made out nicely in the aftermath of the Great Earthquake of 1923 and invested his profits in forest land. By the mid-1920s Iwasaki was one of the biggest log dealers in Japan. As the Japanese government extended Japanese railway tracks into China in the wake of Japanese invasion forces, Iwasaki made huge profits. He bought real estate.

Tourist real estate was an early interest. Iwasaki creates resort centers, sometimes in isolated towns and sometimes in foreign countries, for the Japanese, who like to stick together even while traveling. He is now creating an enormous Japanese resort on the Tropic of Capricorn on the central Queensland coast of Australia, a 20-kilometer seashore with planned hotels, golf course and tennis courts, and a 3,200-meter-long runway. He is buying land at the southern end of the Baja California peninsula in Mexico for a comparable project. The sales point is "the whales playing in the wide blue sea," he says.

Still a country boy at heart, the 85-year-old Iwasaki still bases his Iwasaki Group of some 50 companies in his native Kagoshima rather than in

Kyodo Press

Yohachiro Iwasaki

Tokyo. Today he owns Tokyo properties worth some Y50 billion, and other Japanese real estate worth some Y750 billion. His total holdings come to some $5.6 billion.—**Hiroko Asami**

EITARO ITOYAMA

Rebel With A Cause

Eitaro Itoyama was born on the wrong side of the bar sinister. His father, Shintaro Sasaki, made a fortune manufacturing light bulbs before the war, and building hotels and golf courses after. But Eitaro's mother was Sasaki's mistress, not his wife, meaning that this son couldn't assume the family name.

Eitaro, avoiding his father, went out on his own, dropping out of the university and becoming a car salesman. He built his own business, but a supplier skipped out with his money, driving Eitaro to the wall. He was forced to go, hat in hand, to his father. But he'd earned the elder man's respect, and they hit it off when they met; Eitaro was taken into the family business.

Once together, they were a spectacularly successful partnership. Eitaro became a public figure, leading takeover battles, first against Nakayama Steel Works in 1971-72 and later against Yomiuri Land, in 1984, helped by his father and noted racing magnate Ryoichi Sasagawa (Eitaro married Ryoichi's niece).

Eitaro, 45, has been in the legislature since 1974, but his political career is overshadowed by the business. When his father died at 82 in 1985, Eitaro became chairman of the family firm, Shin Nihon Kanko, and he and his two sisters inherited 8 of the company's 12 golf courses, by themselves valued at over Y421 billion, or nearly $3 billion. The lesser part of the fortune was bequeathed to his legitimate half-brothers.—**Hiroko Asami**

MASATOSHI ITO

Go West, Young Man—To Learn

Masatoshi Ito visited the U.S. in 1960, and from that first visit grew a web of supermarkets, restaurants and department stores with a market value of $15 billion, second among the world's retailers after Sears, Roebuck.

A graduate of a commercial high school in Yokohama, Ito started a successful clothing store in Tokyo immediately after the war. But after his fateful 1960 journey, he opened a chain of then-novel American-style supermarkets. A big success, he went back in 1972 to approach Dallas-based Southland for a royalty agreement. He opened his first Japanese 7-Eleven in 1974. Another brilliant success: The 1,000-square-foot stores are too small to be restricted under the Large-Scale Retail Store Law meant to protect mom-and-pop shops in Japan's complex distribution system. Moreover, the 3,000 or so shops are open 24 hours, perfect for hardworking people with no time to shop in supermarkets that customarily close by 7 p.m. Denny's Japan is another profitable by-product of Ito's marketing tours in the U.S., serving moderately priced (around Y1000, or $7.04) meals to young suburban families in a relaxed American atmosphere.

Robert Wallis/JB Pictures

Masatoshi Ito

U.S. retailers are not Ito's only teachers. He also follows Konosuke Matsushita's rationalized business techniques and radical decentralization of management (carefully monitored from headquarters, of course) and has even adapted Toyota's famous *Kanban* system of tight inventory control.

When Ito encountered a slowing in his business in the early 1980s, he again turned to the Americans. Inventories were getting out of hand as sated Japanese consumers began to pick and choose. So he quickly introduced NCR's POS system at the cash register. The now-familiar laser-based tag readers quickly demonstrated their power to control inventory and analyze which products were selling and which were not. From 1982 to 1985 inventory turnover speeded up to 18.4 days, from 25.8.

The stake that is owned by Masatoshi Ito (now 63) and his family in his major interests alone—that is, Ito-Yokado, 7-Eleven and Denny's Japan, recently topped Y277 billion, about $2 billion.—**Hiroko Asami**

KANICHIRO ISHIBASHI

From Kimonos, Tires

Bridgestone Tire? Funny, the name doesn't sound Japanese. It isn't supposed to. The founder of the premier Japanese rubber company, Shojiro Ishibashi, knew that in 1931 the Japanese did not trust Japanese industrial products. So he chose an English-sounding name for this very Japanese enterprise. Furthermore, the name would help in opening overseas markets.

Born in 1889, Shojiro was the second son of a kimono tailor. Since his father was ailing, he took over the business with his elder brother and decided that machine-made clothing

Kyodo Press

Kanichiro Ishibashi

for the masses was the way to go, not traditional hand tailoring of kimonos. Shojiro set up a factory and installed machinery for mass production of men's socks.

How do you get from socks to auto tires? Indirectly, but logically, in this case. In 1923 his company, which along the way became Japan Gomu (Rubber) K.K., started production of tough, rubber-soled socks designed to replace the flimsy straw shoes called *waraji* worn until then by Japanese laborers. An early (for Japan) automobile buff, Shojiro the sockmaker was quick to appreciate the analogy to rubber tires. In 1931 he set up Bridgestone Tire with his elder brother and was on his way.

By 1933 he was exporting. During World War II he produced tires for aircraft and military trucks. That put him in trouble when U.S. forces occupied Japan, but Bridgestone rode it out. By the end of the Sixties its production was equivalent to half the total Japanese domestic consumption of 60 million tires per year.

Kanichiro, the eldest son, joined in 1945, after being graduated from Tokyo University. In 1963 he took over, at age 41, although his father lived on until 1976. He was quick to employ the quality control system known in Japan as the Deming Plan, after W. Edwards Deming, the American who made it a byword in Japanese manufacturing. Nevertheless, Kanichiro resigned in 1973 by an "order" from his father: The founder had decided that family management no longer suited the company. Today Kanichiro, 67, is Bridgestone's honorary chairman, and he and his family own shares and real estate interests worth more than $1 billion.—**Hiroko Asami**

KEIZO SAJI

Beer, Whiskey And Bare-Shouldered Women

Suntory was founded in 1899 by Shinjiro Torii, a young wine shop merchant who knew Japanese wine was foul-tasting and yearned to make something better. He began in 1907 with Akadama Port wine.

From the first, his company's hallmark was ingenious advertising. With the wine a success, in 1923 he set up a distillery in Yamazaki, situated between Osaka and Kyoto, and began to market Suntory whiskey in 1929—scandalizing Japan with the first ad using a bare-shouldered young woman.

He prospered, but modestly, until the 1950s, when Japan as a whole began to prosper and the Japanese began to imitate Western ways. They wanted whiskey, and—thanks to Japanese protectionism—Suntory was what they could get. Business boomed.

Kyodo Press

Keizo Saji

In 1961 his son, Keizo Saji, 41, took over the presidency. (His last name is from his mother's side of the family. It is not uncommon in Japan for an only daughter to perpetuate her family's name in this manner.) Saji's main accomplishment so far has been a 1963 relaunch into the fiercely competitive beer market against established competition from the likes of Kirin and Asahi.

At first Saji chose the then small and less crowded draft beer market, and also marketed a canned instead of bottled product. He installed vending machines at almost every corner of the Tokyo area. As a result of such strenuous efforts, he has gained around a 9% market share in beer. That is relatively small compared with his penetration in whiskey (68%) and wine (23%), but apparently a nice piece of business all the same.

He is now trying to develop a major Suntory biotech business, for which he set up a genetic engineering laboratory in 1979.

For now, the Tokyo-based Suntory group comprises alcoholic beverages, food manufacturing, distribution, publishing and real estate. Nearly all the shares, worth an estimated Y583 billion, or some $4 billion, are owned by Saji, now 67, and his family, including Michio Torii, his younger brother.—**Hiroko Asami**

MASAO NANGAKU

Bowling For Dollars

Before this year Masao Nangaku was nobody in the U.S., and even in Japan, he was Masao Who?

Then he began spending: In spring he bought a forest on Oahu to chop into a golf course. In early summer there was a castle in West Germany to become a hotel. Then he bought the Dunes hotel-casino in Las Vegas. Suddenly, he was Masao Somebody, 68, the real estate speculator and art collecter. Vegas does that for people. Remember Howard Hughes?

Nangaku, like so many other superrich Japanese, started at the bottom, learned radio repair from a correspondence course and trade school, then came home for World War II and opened a radio repair shop in Saitama

Zaikai

Masao Nangaku

prefecture. He made it on hustle, opening earlier than the others and sending out door-to-door salesmen. He jumped into making TV sets in 1955 but, no fool, jumped out just as fast two years later, when the big boys moved in.

His big strike was—bowling. He stepped to the line in 1964 as the craze grew in Japan, ended up with 2,670 bowling alleys, the nation's biggest chain, and then shifted into hotels and other leisure businesses, as the craze faded. Soon he was an important property owner.

Today his Minami group—from Minami Musen (wireless), Denki (electric)—all his, has revenues of $300 million at current exchange rates. But, thanks largely to the fantastic valuations on Japanese real estate, his net worth is thought to be well over $1 billion.—**Hiroko Asami**

Robert Wallis/JB Pictures

Shigeru Kobayashi

SHIGERU KOBAYASHI

The Next Hot Thing

He was the second son of a furniture manufacturer rich enough to educate his children but old-fashioned enough to want them to learn the family business instead. So, after high school, Kobayashi went to work.

Returning from World War II (he is now 60) he wangled an "independence fund" and went out on his own to make his way in the world. First he set up a shipbuilding company that boomed during the Korean War but collapsed soon after, in 1955. In disposing of the factory site, he found the price of the land under it had shot up during Japan's postwar recovery. Shigeru Kobayashi had discovered real estate.

In the initial stages his Shuwa Group built "social buildings" in the Ginza: thin, tall buildings that typically house a photo or art gallery and a coffee shop on the ground floor and, above, a raffish collection of independent bars, restaurants, cabarets and the like, sometimes four to a floor. To attract tenants Kobayashi would open the first bar himself, sparing no expense and stocking it with charming B-girls. His buildings were soon full of eager renters.

Expensive condominiums were next. Shuwa's castlelike apartment houses roofed with blue tiling popped up in the high-class residential areas of Tokyo. But business for luxury apartments slumped after the Tokyo Olympic Games in 1964.

So Kobayashi turned to middle-class condominiums in which he would finance the buyers himself, a first in Japan. By 1971 Shuwa was the biggest Japanese seller of condos.

The 1973 oil shock knocked the bottom out of that. He had to sell back most of his land inventory to the former owners at big losses. Ever resourceful, he shifted to office buildings, now 90% of his business.

So far that boom has held. Kobayashi's 50 or so office buildings have total floor space of 440,000 square meters. Now he is shifting to investments in the U.S., where he had previously only dabbled. In 1986 he bought the Arco Plaza in Los Angeles for $620 million and ABC's New York City headquarters for $174 million. This year he bought the *U.S. News & World Report* headquarters in Washington for $80 million. In all, he has invested close to $2 billion in U.S. properties.

The reasoning is simple: He reckons on a 7.5% yield in the U.S. real estate business, compared with 2% in Japan, and can finance it at far below U.S. rates in Japan. Revenues from Kobayashi's U.S. properties have already surpassed those of his Japanese ones, even though the latter have a net value of at least $5.5 billion in the superheated Japanese real estate market.—**Hiroko Asami**

GENSHIRO KAWAMOTO

It Beats Selling Drapes

He took over the family drapery shop but, after five years of dedication to the business, recognized retailing meant more hard work and less profit than real estate. In 1972, seeing the real estate market saturated in his native Fukuoka area, he launched into the Tokyo market as Marugen K.K. and shut the drapery shop in the same year. From the first, Kawamoto consistently targeted the entertainment and shopping areas, where rents per square meter were among the highest, renting to owners of bars, restaurants, nightclubs and boutiques. Much of his business success lies in his unique approach: As Kobayashi did with condominium buyers, Kawamoto would finance prospective bar owners for his "social buildings" and boutique operators for his shops, lending an ambitious young hostess the money to set up in business and cover the traditional "key money," or advance payment (after her business potential was carefully investigated). Evidently a good judge of business risk, he now owns about 57 well-rented buildings in Tokyo's entertainment districts—Ginza, Akasaka and Roppongi—accommodating some 3,000 tenants. Those

Genshiro Kawamoto

properties plus around 3,000 square meters of commercial land are valued at an estimated Y148 billion, over $1 billion. Kawamoto, 55 and never married, lives in a huge four-story house (plus basement) in a high-class Tokyo residential area, on a lot of 500 square meters that is itself worth about Y5 billion, or about $35 million. He finds the time after work to indulge his fancy for Rolls-Royces and Mercedes-Benzes.—**Hiroko Asami**

RENICHI TAKENAKA

Old Line Construction Outfit

The Takenaka family has been in the construction business for almost 400 years. In the old days the family put up temples and shrines, and the likes of the Nagoya castle, one of Japan's most beautiful. They were leaders in learning and applying Western construction techniques. Now Takenaka Komuten, a construction and engineering firm, puts up landmarks like the Tokyo Tower and the National Theater, among much, much else.

Kyodo Press

Renichi Takenaka

Construction people everywhere like to keep things to themselves: They don't like to tell what it takes to win a contract, and they don't like to brag about profits, either. The Takenakas are no exception, closemouthed to the point of being secretive. The 14th president, Touemon Takenaka, was an industry leader, and in 1957 was named chairman of the construction industry association. But the 15th president, Renichi, now 76, and the current president, his son Toichi, 44, have concentrated on business and have kept the traditional low profile. Nevertheless, with a construction boom under way—company revenues were Y774 billion ($5.5 billion) last year—it is estimated that the family's equity is worth Y233 billion, or $1.5 billion, at the very least.—**Hiroko Asami**

TAKEO SHIGEMITSU

Return Of The Native

It's no secret that the Japanese dislike Koreans, and Koreans, who lived under Japan's rule for so long, have good reason to return the compliment. It's the rare man who can bridge such antagonism and be a success in both lands.

Shin Kyuk Ho, or Shigemitsu (his Japanese name) is that man.

Born Korean, he waited out the war years in a Japanese university, then built a fortune in his adopted land, building soap and chewing gum businesses he still dominates with a 60% market share. His Lotte group, also into chocolate, food, real estate and leasing, had total sales of Y152 billion ($1 billion) last year. Lotteria, his fast-food restaurant chain with almost 500 shops, is projected at Y61 billion sales this year.

But Shigemitsu figures that the Japanese miracle is tired and that double-digit growth in the future is to be found in his native Korea. Since the 1970s he has been shifting business to Korea—the latest balance sheet data, for 1984, showed his Korean group had net assets of 1 trillion Won, about $1.25 billion today, more than his Japanese assets.

It didn't hurt that an old friend, Yoo Chang-Soon, for a time chairman of Shigemitsu's Korean Lotte operation, is a former president of the Bank of Korea and became prime minister of Korea in 1982.

Kyodo Press

Takeo Shigemitsu

Shigemitsu, now 64, spends half the year in Seoul to administer the mammoth Lotte group in Korea, and half the year in Tokyo to administer the mammoth Lotte group in Japan. He owns a baseball team in each country and has Lotte Japan financing a $300 million—so far—shopping center in Seoul with hotel, department store, park and sport center.—**Hiroko Asami**

South Korea

CHUNG JU-YUNG

Like The Bull

If European wealth is usually second or third generation, Far Eastern wealth is often first generation. Chung Ju-yung is almost typical. When he was 14, farm boy Chung, too poor to afford the train, walked 300 miles to Seoul to seek his fortune—from errand boy to an auto repair shop called Hyundai to Hyundai Motors by way of the construction business.

After World War II Chung prospered doing auto repair work for the U.S. Army, which led to military contracts, including construction, during the Korean War. Chung so impressed the late President Syngman Rhee with his work restoring a major bridge that Rhee instructed officials to give many government contracts to Hyundai. Chung was aggressive, a bull, even violent, but he commanded respect wherever he went.

Under the Park regime in the 1960s, Hyundai really began to take off. Shipbuilding? Chung had no experience in it, but was it really so different from construction? He built a super-efficient operation that became the world's largest shipyard. Park rewarded him with ever more government contracts.

Chung Ju-yung

When shipbuilding slumped, Chung capitalized on the Middle East boom. Building the $930 million Jubail Industrial Harbor complex in Saudi Arabia established Hyundai's international reputation. Lately, attention has focused on Hyundai's worldwide success with its Excel subcompact car.

Chung may be the richest man in Korea, but his frugality is legendary, according to *Business Korea*. He still rises at 4 a.m., lives in a modest home—strategically situated near the presidential Blue House in Seoul—and eschews foreign luxuries, even banning coffee from company premises. Chung has tried to impose his rigid self-discipline on his 155,000 employees, for example, forcing them to save 30% to 40% of their salaries. He is always addressed as "chairman"—even by his wife.

Last year Chung announced that he would donate 90% of his fortune to his Asian foundation, set up in 1977 in response to government pressures to go public, a move he vigorously opposes. So far it looks as if Hyundai will remain a family affair, despite the government. Chung's family will still control the voting shares through the foundation. Insiders say that Chung's eldest son is being groomed to take over. Another favorite is his sixth son, Chung Moon-yong, president of one of Hyundai Group's flagship companies. Five other sons run subsidiaries. But Chung, 71 and in good health, has said he won't retire for another ten years.—**Diana Fong**

Chaebols' end?

Hyundai, Samsung, Daewoo, Lucky-Goldstar. These are the big four of South Korea, each a *chaebol*, or conglomerate, and each a huge, intricate network of companies founded and controlled by one entrepreneurial family. The founders of Hyundai and Samsung, the two largest *chaebols*, are probably billionaires.

In the U.S., Hyundai is known for its Excel subcompact, Samsung and the others mainly for consumer electronics. In Korea, however, the big four are known for power. Everywhere they dominate, from shipbuilding to computer chips to consumer goods. Their sales accounted for 5.3% of Korea's GNP in 1986.

The *chaebol*, modeled after the Japanese prewar diversified holding companies, *zaibatsu*, was seized on by a desperate Korean government after the Korean War to carry out a forced march into industrial development. With Korea in ruins and its existence constantly menaced by the Communist-ruled North, the Seoul government backed a handful of brilliant entrepreneurs and businessmen, protected their domestic markets and lavished easy loans and preferential taxation on them. There was a price: This preferential treatment made it almost impossible for smaller competitors to rise, thus concentrating economic power in a few hands.

This politically flawed decision produced fast economic results. Korea today has a dynamite economy. It also has social and political unrest. So the government is moving to break up the *chaebols*, the better to create a competitive and diversified domestic market. Witness the government's recent support of a strike against Hyundai, the biggest.

As politicians push to spread ownership around, the *chaebol* families struggle to hang on to what they can. The families are widely believed to own many other, still-private companies, as well as substantial shares of the listed companies directly or through cross investments. Korea's biggest tycoons lead publicly modest lifestyles: They admit to little and conceal much. Yet Hyundai's founder and Samsung's, by wide agreement Korea's richest men, are probably worth $1 billion each from business holdings, and reportedly own substantial real estate, art collections and the like.

LEE BYONG-CHULL

Like The Fox

They are a study in contrasts. Chung Ju-yung at Hyundai leaped to the daring gamble. Chairman Lee Byong-chull, Samsung founder, cautiously and meticulously pursued the big sure thing. Chung, the eldest son of a poor farmer, barely completed primary school. Lee, the youngest son of a wealthy landlord, attended Japan's prestigious Waseda University.

Between them they dominate much of the Korean economy.

In 1936 Lee started a rice mill with an inheritance, then expanded into trucking, real estate, brewing and noodlemaking during Japanese colonial rule. It was a pleasant life. For a time "I became a frequent patron of 'hostess' houses in the Taegu area," he once wrote. "I made pleasure-seeking tours of Seoul and Kyoto, seeking a more exotic environment and interesting girls."

But after World War II, ambition returned. Lee became an importer and fattened mightily during the Korean War. He escaped from the communist forces that overran Seoul and set up again in the Pusan perimeter. Wartime profits financed a domestic sugar monopoly, eliminating a costly national import. Within two years he was big rich by Korean standards. Sugar profits financed wool imports, then a domestic textile industry to replace cloth imports. By the late 1950s, favored by President Syngman Rhee, Samsung was acquiring other companies, including half of all commercial bank shares. Next came fertilizer production.

But under General Park's military government, Lee became the main target of the "illicit wealth accumulation investigation." Lee was placed under house arrest, and Park "suggested" Lee should "donate" Samsung stock to the government in expiation. Lee talked him into taking a fertilizer plant instead. Soon another scandal erupted: Lee's staff, including one of his sons, had illegally profiteered by smuggling from Japan. That had to be settled, too.

But a man who prospered, first under Japanese colonialism, later under different nationalist regimes, learns how to manage these problems. Samsung *chaebol* rapidly expanded in the 1960s into insurance, department stores, paper mills and mass media. In the early 1970s Samsung moved into consumer electronics (it is now Korea's leader in that field); in the mid-1970s into petrochemicals and heavy industry; in the 1980s into semiconductors, aerospace and genetic engineering.

Lee, still active in management, puts the employees through Japanese-style training programs. Now 77 and recovered from a bout with cancer, he spends much time on the golf course. The present government wants to break up Samsung, but Lee isn't all that worried: He has survived worse. He is preparing third son Lee Kun-hee as the most qualified to manage the $17 billion (1985 revenues) group he created.—**Diana Fong**

Lee Byong-chull

Taiwan

Ed Kashi

Y.C. Wang

Y.C. WANG

Some Risk

Du Pont and B.F. Goodrich couldn't make money on the stuff, but Y.C. Wang, Taiwan's 70-year-old leading industrialist, has made a billion-dollar fortune in polyvinyl chloride (PVC), a plastic polymer used for everything from pipe fittings to vinyl footwear. Since acquiring the technology to produce PVC from the Japanese for $1.2 million in 1954, Wang's Formosa Plastics Group has grown into a network of integrated companies that generated $4 billion in sales and $379 million in pretax profits last year. The group's three listed companies have a combined market value of $5.7 billion, with the Wang family's stake worth roughly $2.3 billion. In addition, Y.C. and his family have extensive Taiwan landholdings.

For the son of a poor tea merchant who couldn't afford a pair of shoes, Wang's frugality and Confucian work ethic have paid off. Wang tells the story of how he once beat out a Japanese competitor. "[He] closed his mill at 6:00 and rested comfortably in a warm bath. I worked until 10:30 and took a cold shower in the open air, winter or summer. My business volume and profit finally surpassed my neighbor's. Once one relaxes, he will be left behind." Son Winston now manages a division and has a Ph.D. in chemical engineering from Britain. Y.C.'s younger brother, Y.T., and William, Y.T.'s son, are also managers in his company.

While his U.S. competitors are fighting losses in PVC, Wang is expanding in the U.S., where he already owns 14 plants and a mansion in Short Hills, N.J. Wang bought in at low prices in the early 1980s and turned around moneylosing operations, such as Stauffer Chemical, by getting rid of the overhead, high wages and overstaffing typical of big business, and running the plants like small businesses.

Wang's is a highly integrated business. Formosa Plastics Corp. produces

PVC raw material and other petrochemicals, Nan Ya processes the resin, and Formosa Chemicals & Fiber makes fibers for backing PVC "leather." Most recently Wang injected $1 billion into a project that will give Formosa Plastics its own naphtha cracker to produce a key ingredient in PVC. Beloved Wang is not, but as a manager of people and of resources he stands high.—**Diana Fong**

CHANG YUNG-FA

Round-The-World Outsider

The world's largest owner and operator of container ships is virtually unknown even in his native Taiwan, little known even by the shipping industry's secretive standards. Yet Chang might well be the greatest sea lord of the 1980s. He is a gambler who took enormous risks to achieve tremendous gains during the industry's spectacular bust. In 1983 he shocked the industry by buying 24 container ships when his competitors were scrapping them, and launched Evergreen's round-the-world service, the first of its kind. Today Evergreen offers both eastbound and westbound service, linking major container routes across the continents. The Evergreen Group earned $58 million on $1.4 billion in revenues last year. A company within the group is expected to go public quite soon on Taiwan's booming stock exchange.

Ed Kashi

Chang Yung-fa

Chang, 60, is an outsider by choice. When he entered the container shipping business in 1975, he undercut his competitors' cozy, regulated cartel by slashing rates and offering equal service. Chang, who once described the cartel founders as "a bunch of pirates," explained to FORBES that "as an outsider, we're free to do whatever we want. We can move quickly to tailor service to customers' needs." And his line, a fleet of modern, automated ships manned by nonunion, low-paid Chinese crews, has earned a reputation for reliability and service.

"I know almost everything about the shipping business," says Chang. Born in the Taiwanese port city of Keelung, Chang has spent most of his life in shipping, working his way up from seaman to captain in the Japan-Taiwan trade. In 1968 he started Evergreen with a secondhand vessel acquired with backing from Marubeni Corp., the huge Japanese trading company. Chang is a Japanophile who speaks the language and enjoys watching old samurai movies. He runs Evergreen in the disciplined and regimented Japanese style. Company uniforms are green, as are the carpets, telephones and even toilet stalls at Evergreen's Taipei headquarters. Yet Chang is Chinese—much the autocratic family patriarch—with sons positioned to take over when he retires. Chang, who quit smoking, stopped drinking and became a vegetarian recently, is clearly still not ready to go, however.

TSAI WAN-LIN

How To Save Face

In the 1950s Tsai Wan-chun popularized savings accounts in Taiwan by establishing the minimum deposit of only one Taiwanese dollar (currently 3 cents)—an amount most banks scorned to handle. In typical Chinese fashion, he appointed his younger brothers and sons executives in his soon burgeoning Cathay group, which expanded from banking into insurance, construction, hotels and food.

The group split up in the late Seventies, after Wan-chun had a stroke and could no longer hold his feuding family factions together. The two sides are not on speaking terms, and it's easy to see why.

One side coalesced around Wan-chun's son, Chen-chou. Alas for them, two years ago the son was sentenced to prison for issuing millions of dollars in bad checks, among other counts of fraud, and making $177 million in improper loans that led to a classic run on and collapse of Tenth Credit Cooperative, Taiwan's largest savings and loan institution. Chen-chou disappeared, is supposedly dead from liver cancer, but is widely believed to have slipped out of Taiwan for parts unknown.

The more respectable side centers on one of Wan-chun's brothers, Tsai Wan-lin, who now runs the most profitable sector of the Cathay group—life insurance and construction. Wan-lin, who keeps a low profile, did everything possible to distance himself from the banking scandal that disgraced the family name. He took out a newspaper ad disclaiming any business ties with his errant nephew and refused to settle Chen-chou's debts. Wan-lin even went out of his way to pay off his own debts, unasked, in his highly leveraged construction business, a move that deeply impressed Taiwanese badly rattled by the failure of his relatives' bank.

Wan-lin has succeeded in building up his reputation for integrity and solid management skills. Cathay Life greatly outperformed most other companies on Taiwan's booming stock exchange this year—doubling in August and making the Tsai Wan-lin family's estimated 80% worth $3.7 billion on paper, up from $1.8 billion in July.—**Diana Fong**

Hong Kong

KADOORIE FAMILY

Old China Hands

Lord Lawrence Kadoorie, the 88-year-old chairman of China Light & Power, keeps a ragged Humpty Dumpty doll in his office as a symbol of the troubles that have sometimes befallen the Kadoories since father Eleazar, an Iraqi Jew, migrated east in the 19th century. Of course, there is nothing ragged about the tremendously wealthy Kadoories, but the doll serves as a reminder that even the mighty can fall. An established merchant family in Shanghai and Hong Kong decades before World War II, the Kadoories were imprisoned by the Japanese during the war. When the war ended, they rebuilt their businesses, and, if the story is true, made a legendary mistake: It is said that after

Frank Fischbeck/The Stock House

Lord Lawrence Kadoorie

South China Morning Post

Horace Kadoorie

Reuters/Bettmann Newsphotos

Michael Kadoorie

the Japanese surrender, the present Lord Kadoorie saved a Japanese soldier from a Chinese firing squad. Two years later that soldier offered Lord Lawrence a 50% stake in his startup company for £25,000 in venture capital. Lord Lawrence politely declined. The soldier was Akio Morita of Sony.

According to Crosby securities, the Hong Kong-based Kadoories—Lord Lawrence, brother Horace (85), son Michael (46) and son-in-law R.J. McAulay—preside over a $3.3 billion utilities empire, a major hotel group, carpetmaking and textile businesses and a cross-harbor tunnel company in Hong Kong.

Their flagship company is China Light & Power, but their most visible presence is Hong Kong's stately Peninsula Hotel, a landmark for 60 years.

As British rule wanes in Hong Kong, the Kadoories face increased challenges from the Chinese. Earlier this year Michael Kadoorie, chairman of the hotel group, narrowly escaped being thrown off the board by an outsider, Joseph Lau, who had built his stake to just under 35%. The board rallied to Michael, and the hotel is safely in Kadoorie hands again.

Lord Kadoorie's big project right now is China Light & Power's joint venture with the Chinese Communist government to build a $3.7 billion nuclear power station at Daya Bay, near Hong Kong. The project reflects Lord Kadoorie's commitment to the future of Hong Kong under Chinese sovereignty after 1997. Isn't it risky dealing with the Communist government? The family built its fortune on taking risks—and surviving troubles. That's what Humpty Dumpty stands for.—**Diana Fong**

SIR YUE-KONG PAO

The Future Is China

I'm a banker. The speculators always expect the best to happen. The banker, he always plans for the worst," says Sir Y.K. Pao, Hong Kong's best-known personality, the billionaire sea lord who hobnobs with Margaret Thatcher and talks privately with Deng Xiao-ping. He controls a $2 billion property empire with interests in hotels, public transport, retailing and trading that account for 7% of Hong Kong's stock market capital, according to James Capel (Far East) Ltd. But banker or speculator, he's still on top at 69, and investing in what he thinks is the future, this time, China.

Sir Y.K. was the second son of a Shanghai banker. He fled to Hong Kong in 1948 just before the Communist victory but apparently did business with the mainland Chinese, even when the U.N. imposed a trade embargo during the Korean War. He bought his first vessel in 1955, and his specialty was the long-term lease of oil and bulk tankers, which brought in slow but steady profits.

He chopped down his fleet during the 1970s shakeout, but shipping still accounts for a substantial part of his private holdings. Now he's even buying tankers again, at super-low prices from Korean shipyards.

Along the way, he was knighted by the Queen in 1978, and has been capitalizing on the trend to shift ownership from British hongs, or trading companies, to Chinese entrepreneurs. His Wharf Holdings Group took over Wheelock Marden, for example, an old-line British trading house, in 1985. Even his 37% stake in Dragonair, an upstart private airline, is a challenge to British-controlled Cathay Pacific *(see Swire)*. Recently Sir Y.K. was one of the three "white knights" to rescue Britain's Standard Chartered banking group from a hostile takeover bid by Lloyds Bank.

He has resigned as chairman of

Viviane Moos

Sir Yue-Kong Pao

Wharf Holdings and of World International, the investment holding company that controls all his listed companies, in favor of two highly competent sons-in-law—Peter Woo, who presides over the public companies, and Austrian-born Helmut Sohmen, who looks after the private shipping and aviation interests.

Still, Sir Y.K., who keeps fit by swimming daily, is very much in charge, but he seems to be spending more time on developing relations with China. He has donated millions of dollars to building schools and hospitals back in his native Ningbo. A little fertilizer today helps tomorrow's harvest.—**Diana Fong**

LI KA-SHING

Balancing Act

Yet another Far Eastern Horatio Alger: Li Ka-shing, 59, may be Hong Kong's wealthiest and most respected tycoon. No money, little formal education, a refugee from the mainland, he was a toy salesman and then owner of a plastics factory. Li made a modest fortune in plastic flowers in the 1950s that he parlayed into property development just when Hong Kong's economy boomed spectacularly. In 1972 Li's flagship company, Cheung Kong, which held his property interests, became public.

When the world oil crisis broke the Hong Kong stock market in 1973, Li was able to buy property cheap—the Hong Kong Hilton, for example. And Hutchison Whampoa, one of the old British trading companies, where he installed himself as its first Chinese chairman.

Li's five listed companies—Hutchison, HK Electric, Cavendish and Green Island Cement, all ultimately controlled by Cheung Kong—account for 20% of the Hang Seng index market capitalization. His 34% stake in Cheung Kong, plus small direct stakes in the other listed companies, totals roughly $1.2 billion.

Though Li keeps a low profile, his near-control of the stock market keeps him in the news. As did his companies' recent acquisition of Canada's Husky Oil, interpreted as a no-confidence vote in Hong Kong, even though Li loudly assured local investors that only 10% of his business interests are outside the colony. The public was not convinced.

For example, Li owns the $67 million Toronto Hilton and reportedly has a 9% stake in the Canadian Imperial Bank of Commerce valued at over $230 million. His son, Victor, a Canadian citizen, owns 9% of recently turned private Husky, a stake that had a market value of $64 million. And Li owns $16 million worth of Kaiser Aluminum, now called KaiserTech.

Poor Li Ka-shing! He must perform a delicate balancing act: not offend Beijing while he reduces his personal risk when Hong Kong reverts to China in 1997. He is involved in a joint venture with the Chinese Communist government to build a coal-fueled power station near Shanghai. Maybe for this the folks in Beijing will indulge him a billion or two in North America.—**Diana Fong**

Lincoln Potter/The Stock House

Li Ka-shing

KWOK TAK-SENG

Roofs For Refugees, Roofs For Their Jobs

He is perhaps one of the most traditional Chinese property tycoons in Hong Kong: quiet, cautious, apolitical, hardworking, frugal—the classic Confucian virtues. Though he was born in Macao, the Portuguese colony notorious for its gambling casinos, Kwok Tak-seng, 76, identifies more with his family's humble roots in the small Cantonese village where Sun Yat-sen, the founder of modern China, was born.

Unlike other Chinese billionaires, Kwok has few ties to China, except for a donation to build the Sun Yat-sen memorial in Guangzhou. Instead, he has committed his Sun Hung Kai Properties Group exclusively to Hong Kong. Recently Kwok has been trying to reverse the group's image as a developer of low-income housing by acquiring prestige commercial and residential sites. Yet his fortune was made by understanding the needs of the working class—from which he sprang.

Kwok Tak-seng

Kwok never learned English or even Mandarin Chinese. He speaks only Cantonese. Escaping to Hong Kong in the 1940s, he rose to be the exclusive agent for Japan's YKK zippers. When thousands of refugees poured in from China, Kwok recognized the pressing need for inexpensive housing and for textile factories to employ them. In the early 1960s Kwok and two friends, Fung King-hey and Lee Shau-kee, founded Sun Hung Kai Enterprise Co. Ltd. The partnership dissolved in the

early Seventies, though the three remained close friends. Kwok kept the well-known name Sun Hung Kai and created a vertically integrated property conglomerate, from construction to real estate management. His group diversified into insurance, financial services, restaurants and cinemas.

In traditional Chinese style, Kwok's three sons, Walter, Thomas and Raymond—all in their 30s and educated in England—are managers in the family business. Kwok is still in charge, though his weak heart is slowing him down. He has a home in Hong Kong's fashionable Repulse Bay but lives modestly, despite his family's 43% of Sun Hung Kai Properties, worth $1.1 billion (not including preference shares) and his commercial property in San Francisco, valued at $115 million.—**Diana Fong**

LEE SHAU-KEE

Excuse His Dust

There's a Chinese saying that partly explains property magnate Lee Shau-kee's success: "Speedy first, then slow and smooth." While other property developers are conducting detailed feasibility studies on the profitability of a land site, Lee, the 59-year-old chairman of Henderson Land, has already made a snap decision on whether or not to buy it. Does that make him a rash gambler? Not at all. It's simply that he has done his homework better than competitors have. "He's good at identifying opportunities and making quick decisions because he knows Hong Kong so well," explains Henderson director Colin Lam.

Lee started out in the 1950s, buying plots of cheap land that other investors dismissed. Consolidated and developed, they reaped enormous profits when land values took off in the 1960s. Meanwhile he became the youngest partner of a clannish Cantonese triumvirate that included Kwok Tak-seng of Sun Hung Kai Properties *(see Kwok)* and Fung King-hey, a financier whose property empire teetered before he died in 1985.

South China Morning Post

Lee Shau-kee

Though the partnership dissolved in the early 1970s, Lee and Kwok remain close friends. But Lee is less traditionally Chinese than Kwok. He tends to rely more on outside management than on family members and is more visibly active in the community. Like most other Asian billionaires, Lee works hard. But he also reserves time for golf and skiing. And he lives modestly, in spite of his family's combined 70% stake in Henderson and 26% of Hong Kong & China Gas, worth $1.1 billion.—**Diana Fong**

CHENG YU-TUNG

Very Large Child

First he married the boss' daughter, then he turned his father-in-law's small Macao gold shop into one of Hong Kong's largest diamond trading and jewelry retailing businesses. The firm now generates $1.4 billion in annual sales.

"Women love jewels," Cheng Yu-tung told Anita Leung of the Hong Kong Stock Exchange, "so as long as women continue to live on this planet, business will keep coming." Women also need places to live, and Cheng invested in small-scale lower-income residential housing. Now he is a big developer.

When Cheng, 61, develops property now, he does it in a big way—projects like the prestigious New World Centre, a complex on the Kowloon waterfront he built in the 1970s that is comparable to the entire floor space of the Empire State Building and contains the crown jewel of his empire, the world-class Regent Hotel. The Centre has great personal importance to him: It put him into Hong Kong's big time, according to Baring Securities. The complex, which was designed by an American architect, transformed a remote, undeveloped site into one of Hong Kong's most expensive residential and commercial districts for Cheng's New World Development Co. That and other holdings make him a billionaire.

Now he's developing another waterfront project in the former red-light Wanchai district, turning the world of Suzie Wong into a $408 million financial and tourist hub featuring Hong Kong's largest convention center.

What happens after 1997 when the Beijing government is slated to take over Hong Kong? Cheng says he is "absolutely bullish" on the future and he is investing in Hong Kong to prove it. But he already has a personal investment in Vancouver's Holiday Inn and probably will buy more in North America.—**Diana Fong**

Singapore

LEE FAMILY

The Bank

The Bank" is how Singapore's Oversea-Chinese Banking Corp. is known in Southeast Asia, and it has a stock market value that exceeds Bank of America's. But the family that controls OCBC is just as well known for being the world's biggest rubber trader. And as Southeast Asia's most generous philanthropists: When he died in 1967, Lee Kong-chian, Singapore's "rubber and pineapple king," used his wealth and power to further charitable and civic causes. "He set up a foundation since he didn't want his children to become excessively rich," says a close associate of the family. "He remembered his own humble beginnings."

This poor immigrant from China started as a rubber trader. He later ran a small local bank in Singapore and

Kyodo Press

Lee Kong-chian

merged it with two other banks to form OCBC in 1932. In the Depression he bought thousands of acres of rubber estates and vacant land at rock-bottom prices—with backing from Hongkong & Shanghai Bank. Throughout, Lee used his growing wealth in ways that gained popularity as well as power—for example, helping employees buy their own homes.

During the Japanese occupation of Singapore, Lee represented two rubber associations in Washington, D.C. and lectured on Southeast Asia at Columbia University, while raising funds for war relief back home.

Returning after the war, Lee bought huge quantities of rubber when prices tumbled to a few cents. Then when prices took off during the Korean War, he sold his supply at enormous profit to the U.S.

Today, besides banking, Lee's OCBC group has investments in virtually every sector of the regional Southeast Asian economy and owns shares in every blue chip on the Singapore and Malaysian exchanges.

Lee Seng-wee, Lee's youngest son, is a director of OCBC, while other sons run the private trading businesses. The family owns 30% of "The Bank," worth roughly $750 million. Their private interests account for at least $500 million.—**Diana Fong**

Indonesia

LIEM SIOE LIONG

Uncertain Future

Known commonly in Indonesia as Liem Botak (Liem the Bald), he is quiet, unobtrusive, speaks almost no English, and his broken Indonesian is accented heavily in Chinese. Yet Liem is a business tycoon in his adopted Indonesia. At 71, he reportedly controls over 40 companies domestically and a dozen abroad, in 60 types of businesses ranging from flour to steel to international finance.

From peasant roots in southern China, Liem came to central Java at 20 to work with his brother and uncle in the peanut oil trade. He began trading cloves, supplying the large *kretek* (clove-laced cigarette) industry in Java. But Liem's big coup was in backing the right side when Indonesians rebelled against Dutch rule after World War II. He helped supply the rebels, and developed close ties with

Paul Handley

Liem Sioe Liong

an ambitious young lieutenant colonel named Suharto. By the time Suharto came to power in 1965, he and Liem were already business partners. In 1968 Suharto granted one of Liem's companies a monopoly for importing cloves. Monopolies in flour and cement, as well as open credit lines from state banks, soon followed.

Being Chinese, Liem is not beloved in Indonesia. Less than 3% of Indonesia's 170 million people are Chinese, but these industrious people control 70% of the private domestic capital. This helps explain Liem's low profile, modest lifestyle and adoption of the Islamic name Sudono Salim (Indonesia is 90% Muslim).

Not surprisingly, Liem is moving assets abroad. In 1982, for example, he bought San Francisco's Hibernia Bank for $70 million, then sold it to Hong Kong-based First Pacific Group, also controlled by Liem investors, for $100 million. (The bank is once again for sale.) The Liem group is composed of Liem's sons, members of the Suharto family and their close associates.

A fair estimate of Liem's net worth: $2 billion.

Australia

KERRY PACKER

Richest Australian

Now that Rupert Murdoch is a U.S. citizen, the wealthiest Australian apparently is another media mogul, 49-year-old Kerry Packer. His father, the late Sir Frank Packer, helped start the Sydney *Daily Telegraph*, founded the popular magazine *Australian Women's Weekly* and participated in a Fijian gold mine. His publicly traded Consolidated Press Holdings set up the country's first commercial TV station in Sydney in the early Fifties and built a network from it.

Packer's older son, Clyde, was running Consolidated's TV stations by the mid-Sixties but became fed up with his father's interference. Clyde dabbled in politics, eventually sold his shares and, now living in Santa Barbara, Calif., he publishes *Surfing* and a few other small magazines.

This left the younger, largely untried Kerry when Sir Frank died in 1974, at age 68. Kerry, at 6 foot 4 and 240 pounds, is very much in the mold of his father. He is married, has two children, but is boisterous, hard-living and one of the country's biggest bettors at the track (where he's apparently a big winner). In 1983 he took the lucrative empire private in an incredibly cheap $200 million leveraged buyout. Two years later he sold off its suburban newspapers. He began to invest in takeover targets.

Packer's greatest coup so far was his January 1987 sale of Consolidated's television business to Bond Corp., the vehicle for Alan Bond, a lesser Australian magnate. Packer got $750 million. But there is plenty left: some 50 magazine titles, 34% of Muswellbrook Energy & Minerals, extensive cattle ranch holdings and a separate TV station in Darwin serving Australia's Northern Territory. Altogether, even allowing for debt, he's worth more than $1 billion (U.S.).

Like Rupert Murdoch, Robert Holmes à Court and other wealthy Australians, Packer is finding Australia's relatively small economy confining. Like them, he is investing abroad. In December he paid an estimated $300 million for privately held Valassis Inserts, the U.S.' largest independent publisher of newspaper inserts.

Kerry Packer

In May he bought control of *California*, a monthly magazine.

Kerry Packer also has assorted interests in Europe, in chemicals, aviation and ship chandling, and a 13% position in London's Hill Samuel, a merchant bank that was a recent takeover candidate.—**Thomas Jaffe**

ROBERT HOLMES À COURT

Welcome To The Club

Unlike countryman Packer, Robert Holmes à Court is totally self-made. He became Australia's other visible billionaire within the past few months—thanks to Australia's surging stock market. Born in Johannesburg, schooled in South Africa and New Zealand, Holmes à Court immigrated to Australia to study law and, at 50, has risen to be his country's foremost corporate raider.

As a lawyer he represented small-time entrepreneurs and decided he could become one himself. In the early 1970s he took over a woolen company, and he was on his way. From there, an electrical company, a plumbing business and an auto dealership followed. Then a whole series of bids, including many failures, but eventually enough successes to put under a single large umbrella—he called it Bell Group Ltd.—and become a big-time threat.

Through $700 million (sales) Bell Group, Holmes à Court now has a history of putting companies in play, only to be bought out by higher bidders or the companies themselves. He meanwhile piously objects to being called a greenmailer.

On the other hand, he steadily bought, year after year, into Australia's giant natural resources combine, Broken Hill Proprietary. With 28%, he has finally gotten onto its board. And he owns about 15% of Britain's Standard Chartered Bank, of which he is also a director.

AGP/World Press Network 1987

Robert Holmes à Court

Holmes à Court first got his feet wet in the U.S. in 1985, with a position in Asarco, which paid him greenmail. Last year he bought into USX, and this year, 10% in troubled Texaco. The targets get bigger and bigger.

Holmes à Court is famous for his wry sense of humor, and he loves chess, which he is known to play at the office against a computer. He collects antique cars, Australian landscapes and aborigine art as well as European 19th-century painting and sculpture. He is married and has four children. He has two horse farms with over 120 brood mares and has already bred the winners of major stakes races in Australia.

He owns several homes in Australia and a 29-room mansion in London. New York? Not yet, but hopeful real estate agents might put him on their future prospects list.—**Thomas Jaffe**

India

BIRLA FAMILY

Masters Of The License Raj

When her colonial rulers left 40 years ago, India's British Raj was replaced by the License Raj—a maze of government decrees, directives and regulations. The system spawned corruption as bureaucrats and cabinet officials demanded hefty bribes to approve permits. India nevertheless became the world's eighth-largest industrial power—entrepreneurial resourcefulness triumphing over socialist corruption.

No entrepreneurial group has been more successful than the Marwaris, a small, closely knit community originally from the western Indian state of Rajasthan. The most prominent have been the Birlas. Their founding patriarch, G.D. Birla, made his first million in textiles by the age of 30. He turned down a knighthood because of his friendship with Mahatma Gandhi, and heavily supported the nationalist campaign to oust the British. The nationalists who later became free India's power elite rewarded the Birla family with lucrative contracts.

After independence, the Birlas continued their lavish contributions to the ruling Congress Party. So accomplished are they in manipulating the bureaucracy, and so vast their network of intelligence, that they frequently obtain preemptive licenses, enabling them to lock up exclusive rights for businesses as yet unborn.

But connections are not the only Birla asset: The family runs an efficient show. "There are no pretentions to corporate democracy in Birla companies," says economist-editor Dilip Thakore. "The boss is a godlike figure. The Birlas value loyalty and high performance and they generously reward their best performers." More than 100 of their top managers—most of whom come from outside the Birla family—have become millionaires in their own right. Says Mohan Shah, a prominent New York-based textile importer: "The Birlas have shown that their indigenous, non-Harvard-Business-School management style works in their homeland and even abroad."

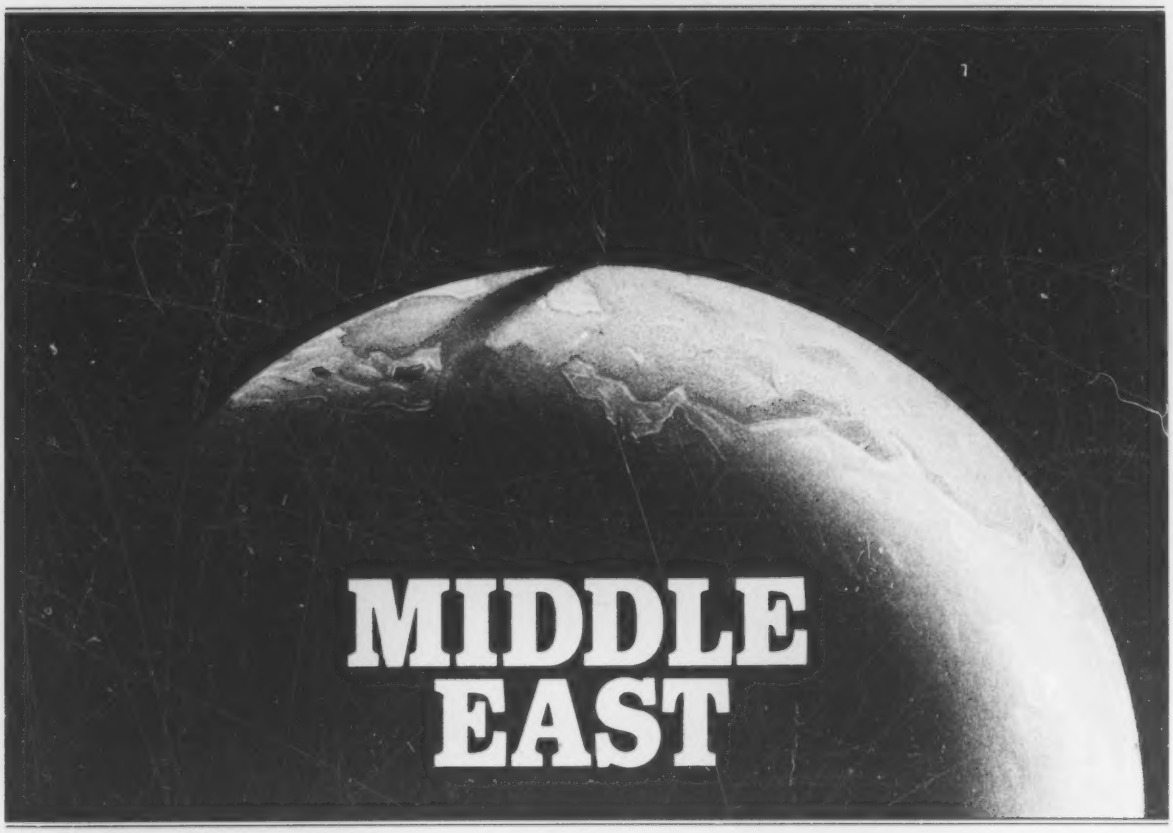
Today, according to Indian government figures, the Birlas' net assets in India itself exceed $4 billion—but that figure may be way low. There are 200-plus Birla-run companies and in each the Birlas traditionally own between 25% and 45% of the shares.

There are five major interlocking Birla branches today: Bombay-based Aditya Birla, G.D.'s grandson and heir, heads the most powerful group, which includes Hindustan Aluminum; Calcutta-based G.P. Birla runs Hindustan Motors, which has long enjoyed a near-monopoly in Indian automobile manufacturing; K.K. Birla owns the prestigious *Hindustan Times* in New Delhi; S.K. Birla recently bought Chloride India; Ashok Birla, also Bombay-based, owns steel mills in India, and textile and papermaking enterprises in Thailand, Indonesia, Nigeria and East Africa.

The Birlas' growing foreign assets are said to total nearly $1 billion.

Like most Marwaris and unlike many Indian industrialists, the Birlas do not lead flamboyant lives. They are strong on family values, are often abstemious, and rarely marry outside the Marwari community. They spend millions of dollars each year on building Hindu temples, often ones where the presiding deity is Lakshmi, the goddess of wealth.

While the various branches of the family operate somewhat independently of one another, the intercorporate ties remain close. Combined, FORBES estimates that their net wealth is somewhere between $1 billion and $2 billion—probably closer to $2 billion. —**Pranay Gupte**



Saudi Arabia

SULIMAN SALEH OLAYAN

Disclosure As Lure

He's been called one of the world's best businessmen: Much of this billionaire's net worth is attributable to shrewd investments outside his native Saudi Arabia. The grubstake that became the Olayan Group he got through oil and hard work—and he knew what to do with the results.

He was born in 1918 in the isolated Saudi city of Onaizah (small goat in Arabic). His father, a small-time spice merchant and food importer, died when Olayan was 4, so he grew up with relatives in relatively prosperous Bahrain. At 17 he quit school to work in the fledgling oil industry, eventually ending up with the forerunner of Aramco. He started at the bottom—oil gauger, dispatcher, floorman—and worked up to purchasing agent. In the process he learned English and exhibited a legendary memory. In 1947 he borrowed $4,000 to organize a company that won a contract for part of Aramco's first major trans-Arabia oil pipeline. Bigger contracts followed.

He quickly diversified into other key areas. A joint venture construction company with Bechtel. Then Arabian Commercial Enterprises, eventually one of the biggest insurance companies in the Arab world. And General Trading Co., now the country's largest food importer. Because he lacked a large family to staff key positions, he was forced to hire professional managers, which worked to his advantage. When the price of oil skyrocketed in 1973, Olayan's enterprises were ready to clean up.

Today Olayan invests heavily under the umbrella of the Olayan Investments Company Establishment, a Liechtenstein-registered company based in Athens. An early fancy was banking. He is a majority owner of the Saudi British Bank, a stake worth an estimated $120 million. He is said to own more than 1% of Chase Manhattan ($34 million), the largest holding outside the Rockefeller family, and 1% of J.P. Morgan & Co. ($100 million). He and a Saudi prince share a 7.6% holding, worth more than $130 million, in First Chicago Corp.

Robert Azzi/Woodfin Camp

Suliman Saleh Olayan

His investments go beyond banking. A reported 1 million Mobil shares ($48 million—he once sat on the board). More than 5% of Transamerica Corp., about $170 million. Reportedly 3% of Occidental Petroleum, more than $200 million. A $20 million stake in Thermo Electron Corp.

"I like the American stock market," he says, "because there is a wonderful amount of information here. For someone who wants to research and look for situations, the disclosure is excellent."—**William P. Barrett**

AL RAJHI FAMILY

The Money Changers

Money changing and what we might call nonbank banking have made the Al Rajhi family perhaps Saudi Arabia's richest clan outside the House of Saud. In the central

Saudi town of Bukariyah, the Al Rajhis were once merely money changers—an ancient profession in traditionally bankless Arabia. They might arbitrage the sometimes substantial difference in gold and silver prices between, say, Jidda and Riyadh.

But the oil boom created new opportunities. Foreign workers needed a safe way to remit money abroad. Foreign contractors had to convert riyals into dollars or pounds or francs. Saudi merchants wanted to deposit their burgeoning receipts when they closed their shops at night. The money changers, who charged fees on most of the money they held and handled, rather than paying interest, were there to fill the need.

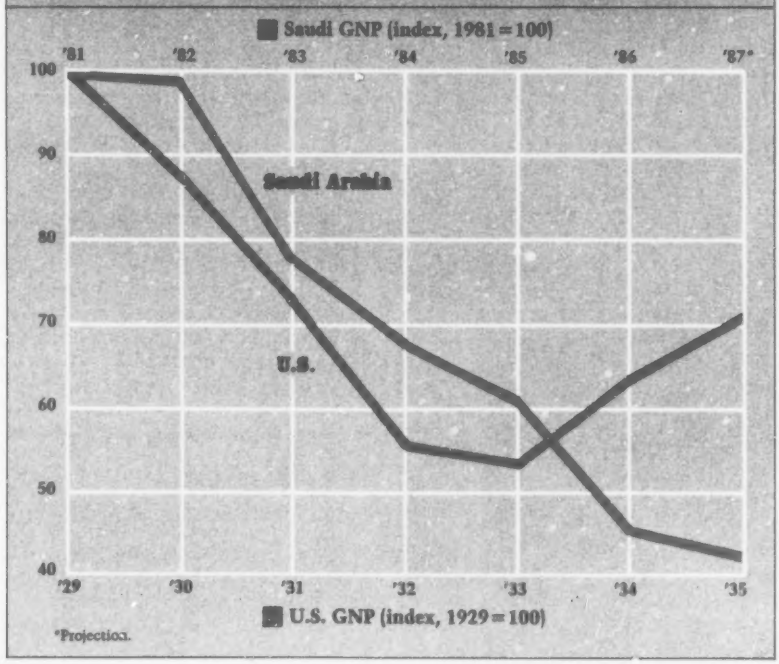
The largest of the kingdom's two dozen or so money changers, the Al Rajhis skillfully invested overseas—often at double-digit returns—their huge float, which during the good times of the late 1970s and early 1980s often exceeded $4 billion. In a country with no income tax, it's easy to see how all this might create a bit of wealth. Unlike some flamboyant and better-known countrymen, the Al Rajhis live austere lives dictated by superstrict religious observance. So it's easy to see how they might hold on to it, too.

The clan leader is Suliman Abdel-Aziz Al Rajhi, about 58. No known photograph of him exists, reportedly because of his modest nature and a fear of kidnapping. He and three brothers—Salih, Abdullah and Mohammad, with more than 100 children among them—dominate the family's diverse operations. With sizable investments in shipping, real estate and international merchant banking, the four brothers alone—never mind their numerous relatives—are estimated by Arab bankers to be worth well over $2 billion.

The brothers apparently have largely disavowed one of Salih's sons, Abdullah Salih Al Rajhi, who went into precious metals speculation and collapsed spectacularly in 1981, owing $300 million. Only then did foreign banks learn to their distress that the family fortune did not stand behind Abdullah and that not all Al Rajhis are created alike.—**William P. Barrett**

A tough place to keep your first billion

Saudi Arabia's gross domestic product has now fallen further and longer from its peak in 1981 than the U.S.' did in the Great Depression of 1929-32. The oil Arabs are still pretty rich, but there probably would have been a lot more Persian Gulf billionaires in this survey five years ago.



BIN MAHFOUZ FAMILY

What Every Kingdom Needs

Banking was a dirty word in strictly observant Arabia, where the Koran—as Europe's Catholic Church had once done—prohibited the charging of interest on loans.

Summoning up his nerve, Salim Ahmed Bin Mahfouz, a money-changer from Jidda, went to King Abdul-Aziz Ibn Saud in the early 1950s and asked for permission to become a banker. "The kingdom will not be fully independent until we are independent economically," Bin Mahfouz told the aging monarch. To everybody's surprise, Ibn Saud agreed and told his finance minister to issue the necessary permits.

Salim Ahmed Bin Mahfouz

What resulted was the National Commercial Bank, 52% owned by Bin Mahfouz and 48% by his money-changing partners, the Kaki family. Astute management and an OPEC decade of generating $150-million-a-year profits have left NCB the kingdom's biggest bank by far (assets, $12 billion, double the size of its nearest Saudi rival). It is certainly one of the largest banks in the world owned by a partnership, today run by Khalid Bin Salim Bin Mahfouz, about 42, son of the bank's founder.

The NCB has formed the basis for the estimated $1 billion Bin Mahfouz family fortune. Besides their stake in the NCB and real estate holdings in Saudi Arabia, the Bin Mahfouzes have a reported 30% of the Bank of Credit and Commerce International, a Netherlands Antilles-based bank holding company with interests in the U.S. and Europe and 1986 profits of more than $100 million. Khalid last year invested $10 million to start Eastbrook, a New York investment bank,

according to David Mizrahi, editor of *MidEast Report*, and the family has paid $25 million for an 80% interest in Langdon P. Cook, a New York bond house, and made land purchases in Florida. They are thought to have outdistanced their old friends, the Kakis, who besides money-changing activities have invested their 48% of NCB's profits within the kingdom, including a company selling a drink called Kaki Cola.—**William P. Barrett**

JUFFALI FAMILY

The Royal Coolers

In 1946 Ahmad Abdullah Juffali and his brothers Ebrahim and Ali, all proprietors of the newly organized E.A. Juffali & Brothers, won Saudi Arabia's first-ever electrification project from King Abdul-Aziz Ibn Saud. The place: Taif, the mountain town in western Arabia where the royal family had its summer homes. When it opened in 1950, the system had just 125 subscribers and a daytime volume of only 70 kilowatts. But so appealing did those newfangled air conditioners become in the Arabian summers that the Juffalis soon received contracts to electrify the country's larger cities—Jidda, Mecca and Riyadh.

The favor of the grateful royal family assured, the Juffalis soon became the Saudi distributor for Mercedes-Benz, and within a few years the world's largest Mercedes truck dealers. The family also became the exclusive Saudi distributors for over 60 other foreign manufacturers, among them Michelin, IBM and Siemens.

Then came the joint ventures. With Fluor Corp. (on whose board Ahmad sat until recently); with Texas builder Henry C. Beck, building the Riyadh Marriott; with Borg-Warner, making—what else?—air conditioners. All of this expansion has been funded out of profits. "We don't rely on loans from banks," Sheikh Ahmad once snapped.

Robert Azzi/Woodfin Camp

Ahmad Juffali

By all accounts, the Juffali organization has weathered the oil glut. Indeed, during the current oil depression Juffali Brothers is still doing about $1 billion in sales, by far the largest single business in the kingdom. And that doesn't count the sales of their still-thriving (despite wide construction cutbacks) Saudi Cement Co. The royal favor seems intact.

With Ebrahim retired for more than a decade, Ahmad, 63, is the managing director of the family business. In the past decade he has emphasized a policy of investing away from the Persian Gulf. The family's major arm in the U.S. is New York-based Enpro International, which has known interests in Boston real estate and some small manufacturing companies. Altogether, the family fortune, according to *MidEast Report*, a respected New York-based newsletter, is more than $1 billion.—**William P. Barrett**

ALIREZA FAMILY

The Arab Rothschilds

In the West there were the Rothschilds—a son in this country, a brother there, a cousin elsewhere. In Araby, there is the Alireza family, generations of traders with distinct family branches in Saudi Arabia, Kuwait and Bahrain. Descended from an Iranian named Xenel, the Alirezas immigrated to Jidda and formed alliances through marriages with other merchant families. In 1925 they financed a militarily victorious but impoverished Abdul-Aziz Ibn Saud, the desert conqueror who seized Saudi Arabia from, among others, the family of Jordan's future King Hussein. When the oil came, the Alirezas held some of the early foreign distributorships in Saudi Arabia: Ford, ITT, Mobil, PepsiCo.

The acknowledged leader of the family today is Ahmed Alireza, in his late 60s, a grandson of Xenel and the chief executive of the principal family trading company, Haji Abdullah Alireza & Co. Ltd., or Haaco.

The Rezayat Group, which reportedly is a major investor in the U.S. (small companies and Texas real estate) through New York-based Rezayat America Inc., is run by another branch of the family including Abdullah Alireza, about 65, a grandnephew of Xenel, and Abdullah's son Teymour, about 42.

Teymour and Abdullah Alireza

A third branch, headed by Hussein Alireza, about 50, chief executive of Haji Hussein Alireza & Co. of Jidda, are Mazda agents in the kingdom. In recent years combined sales of the family businesses, including a host of service, construction and finance companies, have exceeded $1 billion annually, and their collective net worth is estimated at about the same. The clan has suffered its losses—there are hustling competitors all around the economically deflated Persian Gulf—but the widely diversified Alirezas as a whole continue to prosper.—**William P. Barrett**

Kuwait

AL-GHANIM FAMILY

Kerosene To Cadillacs

Even before World War II Kuwait's Al-Ghanim clan—the Rockefellers of the Gulf, they've been called—had 6,000 employees, the largest employer in the Persian Gulf. They sold kerosene because the big oil companies didn't want to bother with the Gulf Arabs, and later quarried gravel for cement, anticipating a boom in heavy construction.

The family is now headed by 80-year-old Yusuf Ahmed Al-Ghanim and one of his sons, Kutayba, in his late 40s. What put them on the billionaire path was General Motors. The family obtained the General Motors distributorship in Kuwait in the late 1940s. During the peak years of the oil boom, 1978-82, Yusuf Ahmed Al-Ghanim & Sons (YAAS)—which by that time included many other agencies—had estimated annual sales of $400 million, and possibly the highest profit margin of any GM dis-

Yusuf Ahmed Al-Ghanim

tributorship in the world.

When the oil bubble burst, auto sales dropped, to less than $100 million last year, but Al-Ghanim Industries, the main family holding company, is also in shipping, electronics and food-importing in Kuwait, where the consumer economy is still fairly fat. Even more important, under the leadership of the son Kutayba, who has a business degree from the University of California at Berkeley, the family has more than recouped its Persian Gulf losses through investing heavily in the U.S.

The principal investment vehicle is AI (for Al-Ghanim Industries) International Corp. of New York, which, for instance, sold off AI Automotive Corp., an auto parts company, in 1985 for a reported $250 million. The family has a formidable portfolio of other U.S. investments—construction supply companies, real estate in New York City, San Francisco, the Washington, D.C. area and the like—but never reveals figures. "We kind of like being private," understates Matthew Snyder, the president of AI International. However, several knowledgeable Persian Gulf bankers put the family's net worth in the $1 billion class.—**William P. Barrett**

Lebanon

RAFIK BAHAUDDIN HARIRI

Such Good Friends

One sure way of making the billionaire club is to become a favorite of the Saudi royal family. It always seems to work. Take Rafik Bahauddin Hariri. Twenty years ago he was teaching arithmetic; this year he bought a 26-room, 24,000-square-foot mansion on 16 acres in Washington, D.C., for $13 million. And he also owns 80% of Houston's 75-story Texas Commerce Tower, the tallest building west of the Mississippi. He's a favorite of the Saudi royal family.

Hariri, the son of a poor Lebanese merchant, left for Saudi Arabia in 1965 to teach arithmetic, switched to accounting and then discovered the construction business. He formed his own company, and hit the big time in 1976 with the contract to complete the Inter-Continental Hotel in Taif, the Saudi summer capital. He finished on time and under budget, to the delighted astonishment of the Saudis, and became a 40% partner in Saudi-Oger, the main contractor.

Hariri solidified his position in 1981 by completing Sunrise City, a large government project in the Eastern Province, for half the $900 million bid by other contractors. Along the way he became Saudi-Oger's sole owner. From 1980 to 1984 he averaged $2 billion a year in Saudi construction projects.

AP/Wide World

Rafik Bahauddin Hariri

Today Hariri, about 42 years old, operates an international construction and financial empire that stretches into Lebanon, France, West Germany, Switzerland and the U.S. His main European holding company is Luxembourg-based Mediterranean Investors Group. Hariri also has majority ownership of Beirut's Saudi-Lebanese Bank, Paris' Al Saudi Banque and interests in other European and Arab banks. Bankers who know him well put his net worth at $1 billion to $2 billion.

He also has spent hundreds of millions of dollars in shattered Lebanon, projects like a hospital near Sidon and scholarship loan programs to help thousands of Lebanese youths to study abroad. He quotes his mother: "He who knows how to take and give back will share the world's riches." Just as will those who know how to become good friends with the Saudi royal family.—**William P. Barrett**

THE SAFRA BROTHERS

One Sure Thing After Another

In Arabic *safra* means yellow, the color of gold. It's an appropriate surname for the Middle East-born Safra brothers—Edmond, Joseph and Moises—who have amassed one of the world's largest private banking empires.

Jews from a banking family of Aleppo, Syria, the brothers, led by father Yacoub Safra, grew up in Lebanon, but the family fled to Brazil during the 1950s because of anti-Semitism.

After opening a small loan shop in São Paulo's central square, the Safras quickly moved into gold trading. Their move into banking came in the early 1960s, when they bought a two-branch commercial bank, Banco de Santos, and renamed it Banco Safra.

The bank, nearly 100% owned by the family, was a huge success. It is now one of the most profitable in Brazil. Run by Joseph, 48, and Moises, about 52 (Yacoub died in 1963), it is the center of a South American financial net that includes an investment bank, a consumer credit company, an insurance firm, a leasing company and a mortgage bank.

Edmond in 1965 relocated to Geneva, where he started the Trade Development Bank, funded largely with the trust and deposits of fellow Jewish refugees. He sold it in 1984 to American Express for $550 million in stock, making him the company's largest shareholder, before their much-publicized bitter parting of the ways.

In 1966 he also founded the Republic National Bank of New York, using careful targeting of markets and big gifts to lure deposits. He quickly built the bank into the U.S.' 18th largest. "If there are 35 things a commercial bank can do and only 5 make money, I will do those 5 and leave the other 30 to Citibank and NatWest," he explained once.

The family is intensely secretive, and management of its businesses closely held, so it is not clear how the ownership is divided among Edmond, Joseph and Moises. In the opinion of observers, Edmond is the richest, followed by Joseph. What is clear is that the family wealth exceeds $1.5 billion.—**William P. Barrett**

West Germany

REINHARD MOHN

The Alfred P. Sloan Of Publishing

Reinhard Mohn may owe much of his success to having been a prisoner of war during World War II: Captured by the Americans, he was shipped to a prison camp in Concordia, Kans. There, filling the empty hours, he read about General Motors' great Alfred P. Sloan and his philosophy of decentralization with strict controls.

Returning to his native Gütersloh after the war, he found the family publishing business, Bertelsmann, in a shambles—printing presses destroyed, his two brothers missing. Mohn gave up an engineering career to resurrect the small publisher of religious books. Strapped for capital, the 25-year-old engaged in barter: Using what presses he could get working, he printed labels for a local distiller in return for whiskey. He then traded the whiskey for bricks, to rebuild.

Sloan's ideas stuck in his mind. Mohn renounced traditional, hierarchical German management for a more decentralized approach, a strategy designed to allow each operating group to retain entrepreneurial aggressiveness. Mohn prospered by staying focused on publishing, aside from brief forays into chicken farms and a chain of cinemas in the 1960s.

In the early 1950s, picking up on a hot trend in the U.S., he pioneered book clubs in Germany. Bertelsmann's book and record clubs now have some 16 million members in 19 countries. In the late 1960s Mohn entered the magazine business by buying a stake in Gruner & Jahr, publisher of *Stern*, which in 1984 printed the fictitious Hitler diaries, and of *Der Spiegel*, generally recognized as Germany's most influential magazine.

dpa

Reinhard Mohn

By the mid-1980s Mohn had built Bertelsmann into the world's richest publishing house, with $5.1 billion sales (1986-87), a media giant in books, music, magazines and TV.

Still based in Gütersloh, a city of 80,000 in northern Germany, where the company began as a printer of hymnals 152 years ago, Bertelsmann is now global. Last year it reached into the U.S. and bought the venerable Doubleday publishing house for $475 million. Only two weeks earlier, in late September, it paid $330 million for RCA Records. It is on the prowl for more U.S. firms.

Mohn, now 67, retired as managing board chairman in 1981 but still has a hand in major business plans. He and his family own 90% of the company, estimated by German analysts to be worth roughly $2 5 billion. But, given the prices media companies fetch these days, that figure may be quite low.—**Edward Giltenan**

VON OPPENHEIM FAMILY

Bankrolling Germany

In almost 200 years of banking in Cologne, the Oppenheim family has received Germany's highest accolades. In one generation, Simon and Abraham were made barons. In another, great-grandsons Waldemar and Friedrich Carl were arrested in 1944 as suspects in the assassination attempt on Hitler.

The family-owned bank, Sal. Oppenheim jr. & Cie., has been a significant part of the history of Germany. Founded in 1789 by Salomon Oppenheim Jr., then 17, it combined moneylending and discounting with the trading of wine, tobacco and linens, as did many banks of that era. Over 30 years, it became the second-largest bank in Cologne, and Salomon became the first Jew elected to the city's Chamber of Commerce.

His sons, Simon and Abraham, helped change the face of German industry in the 19th century by pioneering German joint-stock companies. The Oppenheim brothers financed the great railroads of Germany, the Austro-Hungarian Empire and Russia. They helped make Cologne the center of the German reinsurance industry. In 1868 they became the first Jews in Prussia to be named barons.

Simon's sons converted to Christianity. So, in the time of the Third Reich, Waldemar and Friedrich Carl were officially quarter-Jews; that was enough, with their position and stature, to spare their lives but not enough to shelter them from eventual suspicion and arrest. As another insult, in 1938 the Nazis forced the bank to be renamed Pferdmenges & Co., after a partner who joined in 1931, and the bank retained that name until 1947.

At any rate, the family outlasted the Nazis and was pivotal in rebuilding the country. After the war Waldemar repeatedly visited the U.S. to get loans for German industry. Robert Pferdmenges became a member of Parliament and was a close friend of Konrad Adenauer, Germany's first postwar chancellor. Such contacts helped the bank immeasurably.

Today Alfred von Oppenheim, 53, and his cousin Manfred, 63, represent the sixth generation of the family to own and operate the bank. The Oppenheims' other holdings by now are vast: insurance companies, other banks and commercial real estate in Frankfurt and Cologne. The family's net worth may be as high as $2.5 billion, according to European Securities Corp.—**Edward Giltenan**

Photos by Wolfgang Prang

Alfred and Manfred von Oppenheim

HENKEL FAMILY

"Sold With Enthusiasm"

Dr. Konrad Henkel, a third generation manager, has been chairman of Henkel KGAA since 1961. He is one of 67 family members—all descended from a Hessian merchant. Together they own nearly 100% of their giant consumer goods producer (1986 sales, $4 billion), giving them a fortune worth some $3 billion. It is built not on heavy industry or banking, like many European fortunes, but on shrewd packaging and marketing.

Founder Fritz Henkel in 1876 saw a market for bleach in standard-size packages, whereas previously it had sold only in bulk. He began selling Henkel's Bleich-Soda in packages and built a plant to make his own raw chemicals. In 1907 Fritz's son developed the first detergent—Persil—that eliminated the two-step washing process of bleaching and then laboriously scrubbing clothes.

Persil was a heavily advertised miracle powder with a money-back guarantee they scrupulously honored. And soon they had "millionen Hausfrauen" loyally buying the stuff.

"We have gone a step further," Fritz Sr. boasted in 1910. "We have found that just distributing the product is not enough and that you cannot be satisfied just having it available in a store. Rather it must be sold with enthusiasm." Selling with enthusiasm—a very American-sounding phrase but in this case invented in Germany. Europe was thus offered one of its first experiences with what is now a familiar U.S. phenomenon: a marketing company founded on brand-name detergents.

Henkel grew rapidly, introducing other cleansers as it went. It found itself in another good business when it had to manufacture adhesives for packaging because its traditional supply was cut off by French occupation of the Ruhr in the 1920s.

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Konrad Henkel

In World War II Henkel lost virtually all its international assets. Rebuilding postwar meant battling for market share with the U.S.' Procter & Gamble and Britain's Unilever. Henkel proved equal to the task, perhaps not surprising given its long tradition of smart consumer marketing. Later the company expanded anew internationally. Still best known for its detergents, Henkel's products now range from vitamin E to specialty chemicals used for drilling. It is also the largest manufacturer of adhesives in Europe. In 1977 it bought General Mills Chemical Inc. in the U.S., which now accounts for about 10% of its sales, and it has operations in 45 other countries.—**Christie Brown**

RUDOLF AUGUST OETKER AND FAMILY

Just A General Store

Rudolf Oetker's grandfather was running a modest Bielefeld pharmacy in 1891 when he had a brainstorm, perhaps inspired by the Henkels: Package baking powder in retail quantities and sell it to housewives along with a free set of recipes. Dr. Oetker soon gave up the pharmacy to make baking powder full time.

Later came powdered pudding and sauces, vanillin, sugar, food starches. But it wasn't until grandson Rudolf took charge in 1944 that the business began to grow into the conglomerate it is today, with shipping, brewing, banking and insurance operations. Rudolf, now 71 and retired, fondly calls it "the general store."

Mighty big store. The Oetker Group, including Dr. August Oetker, the biggest food company in West Germany, had sales last year of $1.6 billion, not including brewing, banking and insurance. A Baring Securities

Archiv bild/dpa

Rudolf Oetker

analyst puts the family's total net worth at $2 billion.

Rudolf grew up in Bielefeld, where the company is still headquartered, and apprenticed as a banker while the family business was held in trust by his stepfather (his real father died in World War I, six months before Oetker's birth in 1916). In 1944, at 28, Oetker took over when his stepfather, mother and two half-sisters were killed in a bombing raid.

After the war, Oetker began to diversify. Along with other opportunity-seeking financiers, he took advantage of generous shipbuilding tax exemptions designed to help rebuild that war-demolished industry. By the late 1950s West Germany was the world's second-largest shipbuilder behind Japan, and Oetker had amassed a magnificent commercial fleet.

Today the Oetker holdings number about 70 companies, including the Hermann Lampe bank. All this is managed by five general partners, including Oetker's oldest son, August, 44, who heads the food business. Second son Christian, 42, will one day become chief of finance. And Richard, 40, is also preparing for the family business; he was the victim of a spectacular kidnapping in 1976 that cost a 21 million DM ransom.

To prevent family squabbles, Oetker in 1973 made seven of his eight children (he was married three times) sign renunciations of inheritance in exchange for assets totaling 53 million DM. Son August gets the rest and keeps the patrimony intact. The company remains private.

In retirement Rudolf plays tennis, collects art, visits his homes in Southampton, N.Y. and Argentina or his luxurious hotels in Paris and on the Côte d'Azur.—**Edward Giltenan**

ERIVAN HAUB

Great Atlantic And Deutschland?

Erivan Haub at 55 is the sole owner of the Tengelmann Group (1985 sales, 3.5 billion DM), the largest supermarket chain in Germany and a major and growing force in the U.S. He resides in Mülheim and has an estimated net worth of $1.3 billion.

The company, founded in 1876 in Mülheim by Wilhelm Schmitz-Scholl, started as a wholesale coffee, tea and cocoa business. His sons expanded. They opened a chain of stores, named after a friend, Emil Tengelmann, to feature their coffee. The stores also stocked candies. Gummy Bears were born—and still flourish. Further product diversification came during World War I, when the Allied blockade cut off supplies. Wine, canned foods and meats were added. After the Second World War, the next generation built modern, self-service markets named Grosso.

Erivan Haub took over in 1969, upon the death of his uncle, the last of the Schmitz-Scholls in management.

Trained in the U.S. at two supermarket chains—Jewel Tea in Chicago and Alpha Beta in La Habra, Calif.—and in a German bank, Erivan pioneered U.S.-style food retailing in Germany. In 1971 he acquired a big rival chain which doubled the number of stores. The following year he opened a chain of discount markets called Plus, also successful.

Like many ambitious world marketing people, Erivan Haub could not resist the biggest market of all. In 1980 he bought 52% of the U.S.' ailing A&P. Lately that famous old name—the first supermarket chain of all—has begun to turn around. Haub's holding in it is already worth some $800 million.—**Christie Brown**

Wattenberg/dpa

Erivan Haub

THE BRENNINKMEYER/ BRENNINKMEIJER FAMILY

Most Secretive Billionaires Of All

This Dutch/German clan, with its hundreds of direct members, is best known for being unknown. Secrecy is the trademark for C&A Brenninkmeyer, one of the largest clothing retailers in the world. The company has expanded to include stores throughout Europe, the U.S. and South America, yet it remains entirely within family hands. Reportedly 50 of the Brenninkmeyer elite meet four times a year in a quiet room above a narrow street in Amsterdam to discuss the state of their family's affairs. However, few Dutchmen even know they are there.

The business began in 1841 when Clemens and August Brenninkmeyer opened a dry goods store in Sneek, a Dutch hamlet across the German border from their hometown. Today the company is still Dutch-based, held through the Dutch holding company Intercena. Although the actual size of the Brenninkmeyer holdings is unknown, the family's 144 stores in West Germany alone (where company filing requirements are much stricter) have annual sales of about $3.5 billion. Rosemary Sagar, an analyst who covers German companies, estimates the market value of the Brenninkmeyers' German holdings, including real estate, at close to $3 billion. But this is just one piece of the family fortune. They own the largest clothing outlet in Holland; they own stores in Britain, Spain and Brazil; and in the U.S. they have more than 400 stores. The primary marketing strategy is fashionable but low-priced clothing in low-overhead stores. However, they have not always been successful. In 1961 Brenninkmeyer's broke into the U.S. by acquiring Ohrbach's, then famous for quick copies of Paris fashions and frequented by the likes of the Kennedys. Brenninkmeyer's discontinued the European lines, and the store's market share fell into disarray. Last February Ohrbach's on 34th Street in New York closed to make way for more profitable office space. The other five Ohrbach's are being

converted to Steinbach stores, a chain the family acquired last year.

In true tribal fashion, those Brenninkmeyers not sent away to run stores abroad are believed to live together on a multi-villa estate in Germany. Members of the family eat, travel and study together. Sons are all expected to join the company. Daughters may be another story; the family, devout Roman Catholics, has been accused both of religious bigotry and of discriminating against women. And the secrecy? "The family is perpetually afraid of kidnappings," adds a source who studied with two Brenninkmeyer daughters at Boston University. "They not only lived together the entire four years, they came under assumed last names." Predictably, the Brenninkmeyers' response to FORBES: "No comment."—**Patrice Duggan**

PRINCE JOHANNES VON THURN UND TAXIS

The Mail Went Through

Some might think it a fairy tale existence: Prince Johannes has real estate holdings throughout Germany, Canada, the U.S. and Brazil variously valued at $1.5 billion to $2.5 billion. His own brewery, his own bank, eight small electronics companies, nine castles. At 61, he has a 27-year-old wife and three young children by her, and three decades of jet-set living behind him.

The family saga opens with a 12th-century Italian highwayman whose descendants became respectable. In 1505 Francesco di Tassis began the first postal service, from Vienna to Brussels. He acquired land and changed his name to von Thurn und Taxis. Successful, he soon got the Pope's blessing and the mail business of the Holy Roman Empire. In 1695 the family received the hereditary title of prince. As time passed, they had boats sailing mail to America and owned the largest postal service in Europe. But in the 19th century the service was taken over by the kingdom of Prussia, in exchange for huge land holdings.

Action Press

Johannes von Thurn und Taxis

Throughout four centuries the Thurn und Taxis wealth has remained largely intact, thanks to primogeniture. Upon the death of his grandfather in 1952, Prince Johannes, then 23, became the legal owner of the family holdings, with actual control vested in an uncle and later in his own father. In 1982 Johannes finally took control upon the death of his father, Karl August.

With others minding the store, the prince, nicknamed Taxiboy, remained a playboy of international standing until his marriage to the motorcycle-riding Princess Gloria in 1980. Now he has settled down and supervises the businesses, even if he does not actually run them. The couple lives sumptuously at his palace in Regensburg, where he maintains a museum and business headquarters.

As befits the possessor of a four-hundred-year-old fortune, the prince is very self-confident. He once told this story to journalist Peter Dragadze: As a small boy, at the dawn of the Hitler era, he attended a public school where his princely dress made him a target for the other boys. Taunted mercilessly, he tangled with the biggest bully. As he tells it: "Suddenly I saw a pair of black boots next to me. It was a Nazi official, who said, 'A German boy does not hit another German boy.' 'My good man,' I replied, 'a German boy does not laugh at a German prince.' The Nazi heels instantly clicked together. I knew I had won the day." Such hauteur survives wars and revolutions.—**Christie Brown**

WILHELM VON FINCK AUGUST VON FINCK JR.

Farmers First

The von Finck family's first love is 10,000 acres of mostly undeveloped land in and around Munich. But there is much more to the empire: Bank Merck, Finck & Co., a private bank (1985 volume, 3.5 billion DM), 90% ownership of the famous Löwenbräu brewery, huge holdings in insurance, construction and food companies. Together they total an estimated $2.5 billion.

Archivbild/dpa Pabel-Stern

August and Wilhelm von Finck

The family fortune began with Wilhelm von Finck, a legendary entrepreneur of the 19th century. In 1870 he left his native Hesse for Munich and at age 21 helped start a bank. By 1897 Wilhelm had bought out the limited partners of the bank: "Limited partners only cost money; I can't afford that." He went on to found the two largest insurance companies in Germany, Allianz Insurance and Munich Reinsurance.

After his death in 1924, his son August and his two daughters became partners in the Bank Merck, Finck. August, a banker more kosher to the Nazis than the Rothschilds, took over the Rothschild Bank in Vienna in 1938 after the Anschluss. For his Nazi past August Finck was stripped of his directorships at both insurance companies, and the family bank was put under a trustee. But money will tell: In 1951 Finck again took control of his bank, while concentrating on increasing the family landholdings, then only 5,000 acres. Even his passport gave his profession as farmer, then banker.

By his first wife August had two sons, Wilhelm and August Jr., who were raised to run the family business. In 1973 the father turned over the family assets to his sons to beat a drastic increase in gift tax. August Jr., now 57, lives with his wife and four children in Munich. Wilhelm, three years older, moved to Düsseldorf to manage a branch of the bank. After the death of their father in 1980, August Jr. became the spokesman for the company.

As befits a banking image, the von Fincks keep a low profile and unostentatious lifestyle—August Sr. rode a chauffeur-driven VW to work—and today stay well out of the limelight. Whether the von Fincks are the second-richest family in Germany behind the Flicks, or the Mohns are, is a fine point.—**Christie Brown**

WERHAHN FAMILY

Peekaboo

Secrecy must be an asset: The Werhahn family of Neuss is among the richest in West Germany. Heribert Werhahn, 63, and his clan do not talk to the press, and very little has ever been revealed about their personal history. But it's impossible to conceal their vast holdings. Privately held Wilhelm Werhahn AG has some 70 companies under its umbrella: breweries, a bank, insurance companies and a regional retailing chain. The family's public holdings include 7% of RWE, one of West Germany's largest electric utilities; 10% of the Hoesch steel firm; and about half of Strabag Bau AG, a construction company. On the basis of estimates from European Securities Corp., the Werhahns are worth a minimum of $1.8 billion.

Virtually all the fortunes of West Germany's billionaires had to be rebuilt from the ashes of World War II. Above, Munich, where the von Flicks own substantial real estate and banking interests, in 1946.

QUANDT FAMILY

Buy a BMW

After time out to build engines for Hitler's Luftwaffe bombers, BMW tried to regain its stature as Germany's premier maker of sports cars and also to crank out a cheap "bubble car" for volume. But German motorists couldn't afford the sports car and wouldn't buy the bubble. In 1959 creditor banks considered selling BMW to rival Daimler-Benz, a company in which the Quandt family then had sizable holdings.

But the Quandts had other plans. Herbert and his half-brother Harald bought 13% each of BMW, gained control and called for a midrange car. In 1961 the BMW 1500 appeared, and the public loved it. The Quandts' original investment was probably under $1 million. Today their 66% is worth at least $2.2 billion.

The Quandts are an old industrial family. Gunther Quandt, born in 1881, inherited a small textile business and expanded into potash, mining, batteries, armaments and insurance. After World War II Gunther revived his empire in spite of huge war losses and the shadow of a Nazi past. He died in 1954, leaving his sons a sizable fortune.

Stern Paul Sturich/Stern

Herbert and Harald Quandt

The unassuming Herbert, forced out of school by eye trouble at age 10 but given a thorough business training by his father, was devoted to BMW. He poured money in despite Harald's objections and put BMW on the road to its current success by ordering high-performance, quality automobiles.

Harald, 11 years the younger and born of Gunther's second wife (who later married Joseph Goebbels), died in a 1967 plane crash. His estate sold its BMW holdings to Herbert.

Herbert died in 1982. His third wife, Johanna Quandt, 62, is deputy chairman of BMW's supervisory board; his lawyer, Hans Graf von der Goltz, is chairman. From time to time speculation arises that the Quandts are ready to sell, but last year BMW had a rights issue and the Quandt family took up its full share.

Herbert's heirs also hold half of Altana, a food and drug firm; half of CEAG, an auto parts company; and 60% of Varta, a battery maker. Total worth is about $520 million, according to Baring Securities in New York. Herbert's entire fortune is divided among Johanna and four daughters and two sons from all three marriages. Harald's money, mostly in real estate and industrial firms, is divided among his five daughters.—**Edward Giltenan**

KARL FRIEDRICH FLICK

Friends In High Places

Karl Flick, known to his friends as K.F., was catapulted out of the privacy that he loves in 1981 and dubbed the "paymaster of the Republic" when it was discovered his representatives had made big contributions to politicians in virtually every German political party in the hope of tax abatements. The notorious Flick Af-

dpa

Karl Friedrich Flick

fair resulted in the resignation of the Economics Minister and the chairman of Dresdner Bank, and a $300,000 fine for Flick's general manager. All three were convicted of tax evasion.

Good political connections helped establish the Flick fortune—and have kept its possessors in frequent hot water. The holding company Friedrich Flick KG was founded in 1934 by K.F.'s father, Friedrich, who grew up on a farm near Cologne. He moved up rapidly at a local steel company and in 1915, at 32, started investing in coal, steel and armament stocks. In 1923 Friedrich moved to Berlin, struck up a friendship with Hitler and hit the fast track in the Thirties as a savvy investor with grateful friends in high places. He later explained: "I was of the opinion necessarily that political insurance would not do me any harm." Not quite true: Convicted of economic crimes at Nuremberg, he spent seven years in jail.

After jail the Allies offered Friedrich a choice: keep his coal interests, or steel, but not both. Friedrich amazed everyone by opting for steel. This looked foolish at the time, since war-ravaged Europe was hungry for coal, but Flick saw the handwriting on the wall: Cheaper oil would take markets away from coal. Money from his coal properties he invested in cars, paper, chemicals. Friedrich craftily bought up 39% of Daimler-Benz between 1952 and 1958; it subsequently went up over 2,000 times.

Friedrich's eldest son relinquished all family rights after a court fight and a lump-sum payment; his second son had died on the Russian front. So K.F., the youngest, inherited most of the Flick empire in 1972, later buying out two nephews and a niece.

In 1986, amid the turmoil of the political scandal, Friedrich Flick, then 59, suddenly sold everything to Deutsche Bank for about $3.5 billion. He now lives quietly with his two daughters outside Munich.—**Christie Brown**

GRETE SCHICKEDANZ

Queen Of Mail Order

Grete Schickedanz, 75 and chic, blonde, energetic and physically tiny, has become a famous personality in Germany. She owns Quelle, the largest mail-order catalog business in Europe, with 1986 sales of 8.6 billion DM and worth an estimated $800 million. In addition she shares ownership of the Schickedanz Group with her

Grete Schickedanz

stepdaughter Louise Dedi and her daughter Madeleine Bühler. This holding company has a paper company, real estate and investments estimated at $1.5 billion.

Quelle, meaning source, was started in 1927 by Grete's husband, Gustav Schickedanz, then 32 years old, who after traveling through eastern Germany, realized it was difficult for country people to buy simple household goods. Much of Germany was primarily farmland, without today's autobahns, and buying trips into the nearest town could be difficult. Gustav returned to the farmlands laden with sheets, yarn, pots and brooms to sell from the back of his truck, and soon changed to catalog selling. His Teutonic Sears, Roebuck was an instant success.

World War II wiped the business out. Factories were destroyed, and there were no goods to be had, even for a Nazi in good standing like Gustav.

In 1945 Grete opened a small general goods store and started the mail-order business again from scratch. Gustav lived until 1977 but stayed in the background, at first because of his Nazi past.

Quelle currently mails 16 million catalogs twice a year, featuring 45,000 items from garden supplies to high fashion. The Schickedanz stores have expanded to 30 department stores and 150 electronics outlets.

Grete resigned as president of Quelle in February. Very social, a sports addict, she is now frequently to be seen at the fashion shows in Milan and Paris.—**Christie Brown**

United Kingdom

GERALD CAVENDISH GROSVENOR

Not A Bad Snipe Bog

This Duke of Westminster, now 35 years old, with two daughters, is married to a descendant of Czar Nicholas I through her Romanoff grandmother. The duke has controlled one of the world's largest property empires since 1979, when he was 27. As the sixth Duke of Westminster, he is the wealthiest landowner in Britain save the Queen.

The Grosvenors have long been a fixture of Britain's aristocracy. The family's estate was once a snipe bog, received by Sir Thomas Grosvenor when he married the 12-year-old daughter of a scrivener in 1677. Today it includes 300 valuable acres in London's West End, including Belgravia and Mayfair, the fashionable neighborhoods near Hyde Park, Buckingham Palace and Victoria Station.

Shrewd management and long leases renegotiable every three, five or seven years have kept the Grosvenors afloat while other noble British families have been forced to sell property.

Gerald Grosvenor has been called "the most businesslike duke in a century." And a good thing for the family. A socialist Parliament in 1967 passed a Leasehold Reform Act, allowing tenants to force the sale of underlying land to them at less-than-market prices. As a result, the family lost a reported 10% of its residential holdings, but the present duke has preserved the rest.

He has also diversified the family's interests overseas. The duke heads a group of international property inves-

Allen Warren Camera Press

Lord Grosvenor

tors that includes pension fund partners, like Rolls-Royce and the BBC. The group, which Gerald calls "a comforting insurance policy," reported assets last year of $1.9 billion, with $500 million of it the Grosvenors'. The properties include a 190,000-square-foot office building within walking distance of the White House, a 16-acre waterfront resort in Maui and shopping centers and office complexes in British Columbia, Australia and the U.S. Combining the British and foreign properties, the Westminster properties add up to about $3 billion in assets.

Yet, however much the duke diversifies away from Parliament's grasp, he is a loyalist: He still resides at Eaton Hall in Chester, where the first English Gros Veneur was established by William the Conqueror in the 11th century.—**Kathleen Healy**

SAMUEL, LORD VESTEY AND EDMUND VESTEY

Out, Out, Damned Tax

Here is one of the largest, most secretive and peculiar family empires in the world—second to the German Brenninkmeyers. Its roots: A Victorian provisioner's son, William Vestey, discovered that the slaughterhouses of Chicago were discarding bruised, unsellable cuts of beef. He and brother Edmund made a fortune buying the stuff cheap, canning it and thus making cheap protein available to the malnourished English working class. A second fortune grew from cold storage warehouses, fresh meat, poultry and eggs. Then came huge refrigeration plants in Czarist Russia, where meat was cheap, and in China, where eggs were cheaper; refrigerator ships; cold storage and retail shops all over England. The Vesteys became rich, and England better fed.

Then, post-World War I, U.S. meatpackers intruded while heavy postwar taxation made capital accumulation almost impossible.

Outraged by near-confiscatory taxes, the Vesteys quetly moved wealth out of England in 1915. In 1967 a socialist uproar arose from the discovery that the Vesteys were living the life of aristocracy but not paying British tax—and had paid little for over 50 years. An attempt at punitive taxation was beaten back 12 years later in the House of Lords.

Today the Vesteys own some 200 subsidiary companies in over 20

Terry Kirk/Financial Times

The Vestey brothers

countries: slaughterhouses; cold stores; refrigerator ships that carry meat from Australia, New Zealand and Latin America to Europe and North America; and an insurance company to cover the risks. They operate the largest chain of retail butcher shops in England, with some 1,500 outlets. They control one of the largest slaughterhouses in Britain and import nearly 10% of the U.K.'s beef and lamb. They own textile mills in Hong Kong and a meat wholesaling venture.

Samuel, Lord Vestey, 46, and cousin Edmund, 55, control everything through four £1 "management shares"—two shares each. Always acting together, they still make the daily decisions about running their $2 billion (estimated assets) holding company, Western United Investment. The family crest sums it up: "Stability through work—and cold stores." And tax avoidance.—**Kathleen Healy**

DAVID J. SAINSBURY

The Lights Are Still On

The Sainsburys have come a long way from a dairy shop opened on Drury Lane in 1869 by John Sainsbury in the hope that it might become six shops, one for each son. It became more than that in his time, and the Sainsburys have proved lucky in each of the last four generations.

John Sainsbury's son J.P. was so dedicated to the business that his dying words were said to be, "Keep the stores well lit."

Third-generation Alan, Lord Sainsbury, according to legend, was stung into similar dedication in his youth by the overheard observation of an employee that "firms like Sainsbury's always go bust in the third generation." He and his brother Sir Robert expanded the chain to 259 branches before Alan retired in 1967.

Today Alan's son John and Robert's son David control the chain, now some 275 stores and the largest and most profitable retail food chain in Britain. The family's controlling share of J. Sainsburys supermarket empire, which well exceeds 50%, is lately worth around £2 billion. David alone holds some 25%, worth £950 million (about $1.6 billion). The family fortune is split between six third- and fourth-generation descendants of John Sainsbury. They have set up a charitable trust worth £350 million. It includes such projects as the £30 million wing being added to the National Gallery.

David Sainsbury is a bit different from some of his forebears: He considered a career as a research psychologist at Cambridge before deciding "I'd rather be a good grocer than an average researcher." Now, besides serving as financial director of the family company, he has a venture capital fund and gains as much attention for his vociferously liberal politics. A onetime Laborite, he's a leader in the Social Democratic Party, part of the alliance that fared badly in Margaret Thatcher's election sweep this year.

The Sainsburys have recently looked outside the U.K. They bought a controlling interest last year in $1.1 billion (sales) Shaws supermarket chain, serving Massachusetts, New Hampshire and Maine. They are putting a toe in the water to learn some-

RDR/Rex

David Sainsbury

thing of the U.S. marketplace before they risk any major expansion in the U.S.—**Kathleen Healy**

SIR ADRIAN AND JOHN SWIRE

Sun Sets On British Empire

The Swire Group began in 1816 in the U.S. cotton trade. Interrupted by the Civil War, the Swires shipped textiles to Japan and China. The firm was founded by his father, but John Samuel Swire, swashbuckling trader from Liverpool, built it into a Chinese trading empire. The Swires' merchant interests were soon surpassed by shipping, and from 1884 John Samuel built a sugar refinery, the Taikoo Dockyard in Hong Kong, a tug company and a paint factory.

After World War II the empire was built anew by Sir Adrian and John's father, "Jock" Swire. Among other things, Jock acquired then-tiny Cathay Airlines in 1948 and added it to his main Asian vehicle, Butterfield & Swire. Now it has grown into Swire

South China Morning Post

Sir Adrian and John Swire

Pacific, a big Hong Kong-based combine with interests in property development, shipping, Coca-Cola bottling and trading, with earnings of $230 million on revenues of $2.1 billion last year.

However, the sun may be setting on the center of the Swire empire. A public offering of the airline last year, and sale of a 12.5% interest in it to Citic, the foreign investment arm of the Beijing government, in January, have reduced Swire Pacific's share to 50%. Whether the Swires can hang on after Hong Kong reverts to the mainland in ten years is an open question, according to Jardine Fleming Securities.

Meanwhile, John Swire, 60, and brother Sir Adrian, 55, fifth-generation descendants of John Samuel, run their interests from London and keep a low profile. The business won't die if Hong Kong is lost: The brothers have interests in smaller public and private companies worldwide—refrigerated warehouses in North America and Australia and 30% of James Finlay, which owns tea plantations in Bangladesh and Kenya. For now, credit the Swires with over $1.4 billion.—**Diana Fong**

SIR JOHN MOORES

I'll Take The Low End

Okay, all you modern managers, go chase the affluent side of the market. Sir John Moores, 91, life president of the U.K.'s largest family-owned private company, became a billionaire selling things to folks at the low end of the market. British workers buy clothes from the retail chain and mail-order firm he founded, they gamble their spare pennies through his weekly soccer lottery and, if they're good Merseyside boys, they'll head out to Anfield or Goodison Park on a Saturday afternoon to watch one of the two soccer teams he has a major stake in, Liverpool and Everton.

Demographics have started to catch up with the Moores empire. The working class becomes middle class. Liverpool-based Littlewoods, Moores' conglomerate, notched up disappointing profits of $115 million last year on sales of $2.8 billion. His 110 outlets are plagued by the same image problems that afflicted Sears in the U.S. market, with many of the Littlewoods stores situated in depressed northern England. Soccer and the soccer pools, which offer the chance to win $1.6 million, are losing popularity as fans grow older and the game is tainted with hooliganism and violence.

Moores has retired twice: He handed over the reins to his son, Peter, in

Camera Press

Sir John Moores

1977 but abruptly took over again in 1980 when profits started drying up. Moores retired again, in 1982 handing over the chairmanship to a nonfamily member, John Clement. Despite these problems, the City of London's investment bankers drool at the prospect of taking Littlewoods public, unlikely only as long as publicity-shy Moores, who founded the company in 1923, is still alive. Meanwhile, they calculate Moores' wealth, applying market multiples to his reported earnings. Lately they came up with at least $1.5 billion.—**Jonathan Clements**

ROBERT MAXWELL

Richest Czechoslovakian

Jan Ludwig Hoch is an unlikely billionaire. A Labor M.P. born in Czechoslovakia in 1923, he is now a billionaire Fleet Street press baron with the anglicized name of Robert Maxwell. After serving in the Czech

Christopher Cormack Impact

Robert Maxwell

underground as a teenager, Robert Maxwell became a captain in the British army. A series of postwar deals, some reportedly using army contacts to get hold of German military research, gave him a stake in a war buddy's small publishing company. In 1951 he bought out the buddy for a reported £13,000. At Pergamon Press he quickly established a series of academic and scientific journals that amounted to lucrative, if tiny, monopolies: "It's no use trying to compete with me," he once said, "because I publish the authoritative journal in each field. I'm dealing in high-penalty information. If you're building a chemical plant and you don't know about the latest development in that area, the mistake could cost you £10 million. So people will pay £1,000."

In 1971 Maxwell sold Pergamon to American dealster Saul Steinberg. Steinberg cried foul over Maxwell's accounting and self-dealing. Eventually Maxwell bought it back for a nominal sum, handing Steinberg one of his rare financial setbacks. Since then Maxwell has tried other takeovers, mostly unsuccessfully. But at least two succeeded: In 1981 he acquired control of British Printing Corp., England's largest printer, for £10 million. It was earning practically nothing, thanks to management incompetence. Last year it earned £80 million, and in the first half of this year it more than doubled its pretax profits. Maxwell's 60% was recently worth £860 million. In 1984 he bought all of the Mirror Group (newspapers), now estimated to be worth $400 million.

Last year Maxwell's British Printing & Communications Corp. bought three U.S. printing companies and a minority stake in Canada's biggest paper company. Maxwell's Pergamon Media holding company bought a minority stake in France's TF1 as part of the TV station's privatization. Lately he's been getting into cable TV, folding his unsuccessful *London Daily News* and making a pass at U.S. publisher Harcourt Brace Jovanovich.

Nearly all of his seven offspring work in the Pergamon group, including Kevin, the 29-year-old favored son, who for now is managing director of one of the group's subsidiaries.

Says Maxwell: "I expect to be one of ten surviving global publishing companies. Once you understand that, you understand what I've been driving at."—**Kathleen Healy**

Italy

GIOVANNI AGNELLI

Romantic Figure

Last year the publication *La Repubblica* asked Italian women whom they would most like to fall in love with. Whom did they pick? A rock 'n' roll singer? A movie sex symbol? No. They chose 65-year-old Giovanni Agnelli, chairman of Turin-based Fiat Group and an internationally famous hobnobber with presidents and motion picture stars.

Agnelli (nicknamed *l'avvocato*, the lawyer) was born into the establishment: His grandfather, also Giovanni Agnelli, founded Fiat (Fabbrica Italiana Automobili Torino) in 1899. Agnelli's father, Edoardo, died in a plane crash in 1935, when Gianni was 14. The grandson joined the family company in 1945 after fighting in World War II on the side of the Allies. His war record ensured Fiat gentle treatment by the U.S. occupying forces. For 20 years a close associate of Agnelli's grandfather ran the firm, which continued to dominate the Italian market. In 1966 Agnelli took over as chairman.

As the economy boomed, Italians traded in their scooters for the small, inexpensive Fiat cars. But the Seventies brought real trouble. The OPEC oil crisis played havoc with the Italian economy. Left-wing unions, more interested in disrupting the economy than in the welfare of the workers, hurt production. Absenteeism exceeded 20%. In an effort to placate the unions, Agnelli, mistakenly, extended the *scala mobile*, Italy's infamous system of wage indexing, which raised costs but did nothing to civilize the unions. In addition, Red Brigade killers assassinated four Fiat managers and wounded 27.

But as Italy prospered and its taste for left-adventuring waned, the atmosphere changed. Agnelli took advantage of the new mood. He fired 61 workers suspected of terrorist links and broke the reign of terror the left fanatics had maintained over the mass of employees. He also replaced his own younger brother, Umberto, as president, with the tough Cesare Romiti. Something still had to be done about the featherbedding and bloated labor costs that made Fiat uncompetitive in an increasingly open and competitive European market. Romiti laid off 23,000 workers. A 35-day strike ensued, but in the end management

Paolo Siccardi Picture Group/Contrasto

Giovanni Agnelli

won substantial improvements in productivity.

Since then Fiat has doubled its profits nearly every year. In 1986 the firm earned $1.6 billion on $22 billion sales—a 7% margin. In comparison, Toyota's was 5%. When things were blackest, Libyan dictator Moammar Qaddafi had bought 15% of the company; now Agnelli has bought him out. The Agnelli family holds 38%. Agnelli's empire also includes newspapers, department stores, cement companies, banks and electronics manufacturers.

Giovanni Agnelli's net worth? Just short of $2 billion. All that and glamour, too.—**Tatiana Pouschine**

BENETTON FAMILY

Papa Would Be Proud

Take a stroll through Paris, London or New York. You can't miss the brightly colored Benetton clothing outlets. Like fast-food restaurants, they pop up everywhere. In 23 years the Benettons of Ponzano, Italy have created a European clothing empire.

Luciano, the eldest, is the driving force behind the $1 billion (sales) Benetton Group, which is headquartered in a beautiful 17th-century villa 20 miles north of Venice. His father, a truck driver, died in 1945, when Luciano was only 10 years old. Luciano left school at 14 to help support the family by working as a clerk in a material shop in Treviso.

Meanwhile, Luciano's sister, Giuliana, a knitting machine operator in a garment factory, liked to create simple sweater designs using brilliant colors. Luciano began to peddle the knitware to stores in Treviso after work. They sold well.

In 1955 Luciano decided to take the plunge. He and his sister, then aged 17, would team up to go into business for themselves. She would design, he would sell. With trepidation she agreed. To raise the down payment on the knitting machine, Luciano had to sell his accordion.

By 1965 business was good enough to open a small factory. In 1968 the two Benettons launched their first retail store, in the small Alpine town of Belluno. The formula: trendy, good-quality clothing at low cost. In true Italian style, the business soon became all family. Gilberto and Carlo, the two younger brothers, joined the company. Luciano was the president; Giuliana, the designer; Gilberto, the head of finance; and Carlo, the head of production.

Luciano, Gilberto, Giuliana, Carlo Benetton

The Benetton family has been quick to exploit market trends. The company moved from jerseys and cardigans into jeans just as the market for denim jeans was exploding in the mid-1970s.

And they have been shrewd. Where others built inventories of colored textiles at risk in the fickle and changeable marketplace, the Benettons bought most everything in a neutral color and dyed it to fit demand. The Benettons are widely admired for their innovative production technology. Their principal warehouse in Italy is so highly computerized that fewer than ten employees are needed to staff it. By 1975 Benetton had 200 shops and was opening more at the rate of 100 a year.

After 1979 the family expanded to the U.S. to take advantage of the huge surge in demand for informal clothing. Today the company oversees 4,500 outlets in 60 countries, and sales have almost doubled since 1983.

In July Benetton debuted on the Italian and Frankfurt stock exchanges. The stock has skyrocketed. Together, the four Benettons, who own equal shares, are worth about $1.8 billion.—**Tatiana Pouschine**

FERRUZZI FAMILY

Billionaire Farmers

The Italians, who like nicknames, have dubbed Raul Gardini, managing director of the Ferruzzi group, *il contadino*, or the farmer.

It's quite a farm. The family estate includes over 2 million acres of land in Europe, the U.S. and South America. In addition, the Ravenna-based Ferruzzis control over 50 companies.

Serafino Ferruzzi, a small-time farmer, started by importing grain into Italy to meet shortages created by World War II. The trade was startlingly lucrative, and, once started, the business grew fast. So fast that a young man named Raul Gardini, son of a family friend, quit his university studies in 1955 to work as a trader for Ferruzzi. Two years later Gardini married Idina, the boss' daughter. In 1979 Gardini's publicity-shunning father-in-law died in a plane crash. Gardini was in charge.

In 1981 the group bought a large stake in France's largest sugar concern, adding 30% of the French sugar market to their dominant share of the Italian market. In 1986 Gardini went after British Sugar. British critics kicked up a fuss, and the bid was rejected this year by the British authorities, but Gardini patiently bought a 23.7% share in the company's parent, Berisford.

The extent of the Ferruzzis' power became obvious last winter when Gardini won control of Montedison, Italy's $8.6 billion (sales) chemical firm. The Ferruzzi interests now hold 36% of Montedison.

Last summer the Ferruzzis showed themselves yet more: They will become Europe's largest producer of cornstarch by paying over $600 million for the European operations of CPC International, the U.S. food company.

Gardini evidently intends to stick to agriculture-related businesses—but defined his way. For example, he hopes to turn Europe's cereal and sugar surpluses into ethanol, a gasoline additive. A joint venture with Montedison has spent $80 million on a U.S.-based plant. Next: He may take more of the Ferruzzi holdings public.

The family's holdings, which are divided among Gardini, his wife and three other children of Serafino Ferruzzi, are easily worth over $1 billion, net.—**Tatiana Pouschine**

Angelo Palma Marka

Raul Gardini, getting degreed

SALVATORE LIGRESTI

Mystery A La Siciliano

Last year *Il Mondo*, a leading Italian business magazine, featured Salvatore Ligresti on its cover as "the new king of Milan." Quite a compliment for a Sicilian in condescending northern Italy.

Ligresti, 55, grew up in Paterno, where his family owned a modest textile business. He went north in 1957 to study engineering at the University of Padua. In 1959 he settled for a paying job as an engineer at the Milan airport. After working for an architect to gain experience, he went into his first construction deal in 1962. A quarter century later he had made his first billion.

Sergio Ferraris Marka

Salvatore Ligresti

He began by overseeing construction projects, including office buildings and parking garages, in which he always took an ownership stake. By 1978 he was rich enough to buy through a network of holding companies a 36% stake in the big insurance company SAI. Here Ligresti was tempting fate: "There is a saying," says one Italian stockbroker, "that whoever buys SAI sooner or later goes bankrupt."

The previous owner had indeed gone under, but Ligresti's timing was better. SAI rebounded to become one of Italy's most successful insurance companies. Ligresti's investment—estimated at about $50 million—is now worth over a trillion lire, or over $750 million.

Still moving, in 1985 Ligresti bought giant Grassetto Costruzioni and its residential-builder affiliate, Grassetto Casa. The Ligrestis also own most of a bathroom ceramics manufacturer, a string of private medical clinics in Milan, 32 hotels and real estate holdings centered in Milan but scattered from the north to the south of Italy.

The Milanese aren't quite sure what to make of Ligresti. They trust no one from the South: Where did this onetime engineer get the capital for his big Milanese construction killings? Is this envy and resentment? Or is the success suspicious? No one really knows.—**Tatiana Pouschine**

MICHELE FERRERO

Where's The Chocolate?

Given the number of kidnappings in Italy, it's no surprise that many rich Italians are allergic to publicity. But few are as allergic to media attention as Michele Ferrero, owner of a private chocolate conglomerate based in Pino Torinese, outside Turin, which makes some of the most commonplace and familiar products in Italy and the U.S.

Ferrero was 32 years old when he took over a small family confectionery and pastry business, Ferrero SpA, in 1957. His father, Pietro Ferrero, came up with a new idea. During World War II tons of hazelnuts sat unused in the warehouses of Alba. Meanwhile, Italians, who couldn't afford chocolate, craved sweets. Pietro created a chocolate spread based largely on hazelnuts.

The firm began to grow rapidly with Michele's launching of Nutella, a similar chocolate spread. Kids went crazy over it then and continue to go crazy over it today.

The Ferrero empire now includes other successful products: Tic Tac mints, Mon Cheri and Pocket Coffee chocolate and Kinder chocolate, all big sellers in Europe. The company's consolidated sales are today over 2 trillion lire, roughly $1.5 billion, and it employs more than 6,000 employees worldwide.

The reclusive Ferrero keeps coming up with new ideas and successful selling strategies. He spends heavily on television spots, with advertising campaigns mostly created in-house. Are European mothers worried their kids eat too much sugar? Ferrero's commercials point out how much more milk than chocolate there is in its Kinder chocolates.

Having no shareholders to please, Ferrero can also afford to wait for success. Consider Tic Tacs. Introduced in the U.S. in 1971, the mints were an instant hit. By 1974 competitive prod-

Olympia

Michele Ferrero

ucts such as Warner-Lambert's Dynamints were edging into Tic Tac's market. Ferrero shifted the brand from adults toward children—unfortunately, the wrong move. By 1977 children, ever fickle, had switched to soft bubble gum, and Tic Tac had lost its hold on the adult market.

Ferrero refused to give up. He dropped all brand advertising and instead developed a new network of brokers to push Tic Tac to retailers. Gradually, it recovered. By 1985—eight years later—its market share had climbed back to almost 10%, from its low of 2.5%. Of such small stuff is a business worth over $1 billion made.—**Tatiana Pouschine**

Switzerland

BARON HEINRICH THYSSEN-BORNEMISZA

It's The Art

Baron Thyssen-Bornemisza is firmly entrenched as one of the world's richest men on the basis of his art collection alone: 1,500 or so paintings that are generally valued at over $1 billion by the art world, a collection widely considered to be second in size and value only to the Queen of England's.

A great fortune is the first prerequisite for a great art collection, and the Baron's began with his grandfather's steel company. August Thyssen, born in 1842, was the Andrew Carnegie of Germany, a son of a successful wire manufacturer who started an iron and steel foundry in Mülheim in 1871. He built many foundries and his own harbor and expanded into neighboring countries. The eldest son, Fritz, inherited the steel and coal in 1926; the younger son, Heinrich, the father of the present baron, inherited diverse businesses in Germany and Holland. He considered himself more an art collector than a financier. He acquired the title and the Bornemisza name by marrying into, and being adopted by, a titled Hungarian family needing a male heir. In 1933, despising the Nazis in Germany, he settled in Lugano, Switzerland.

Baron Heinrich Thyssen-Bornemisza

Evelyn Hofer

In 1947, at 26, the present baron inherited a ragtag bunch of companies, half the art and a still-suspect name (Uncle Fritz had been an early supporter and financier of the Nazi party, not breaking with it until 1939). Heinrich promptly set about repairing the Bornemisza branch of the businesses and winning back and rebuilding properties confiscated by the Allies.

Today Thyssen-Bornemisza Group, based in Monaco but with 40% of its $1.8 billion sales in the U.S., includes storage and container leasing companies, a glass manufacturer, agricultural machinery, and information systems companies. It is administered by the eldest of Heinrich's four children, Georg Heinrich.

The baron's lifelong ambition has been to assemble the world's best private art collection. He bought back most of the Old Masters inherited by his siblings and has uniformly bought the best from the best: a Duccio from the Rockefellers, a Ghirlandaio once in the Morgan collection. (He still wants a Botticelli, however, and a Jackson Pollack.) His home has become a mecca for the art world.

The baron's love affair with esthetics also extends to women: "Must I possess a picture to enjoy it? A picture? No," he has said. "Maybe a woman, yes." Now 66, he lives with his fifth wife at his Villa Favorita in Lugano.—**Christie Brown**

MAJA SACHER-STEHLIN AND PAUL SACHER

The Hoffmann-La Roche Fortune

Through marriage Maja and Paul Sacher are the principal heirs to the F. Hoffmann-La Roche pharmaceutical empire. The Basel-based fortune, however, started with Fritz Hoffmann in the 19th century.

Fritz was the 13th generation de-

Keystone

RDZ

Paul Sacher and Maja Sacher-Stehlin

scendant of a shoemaker, Hans Hoffmann-Sax, who became a citizen of Basel in 1489. But the long family tree was no solace during the early years of the company, which Fritz founded with a partner in 1894. Two years later his partner left, and the firm almost folded when the banks cut off the company's credit. But Fritz fought back, and in 1898 he came up with his first blockbuster drug.

In the fall of 1892, while apprenticed to a pharmacist in Hamburg, Fritz had lived through a cholera epidemic that killed thousands of people in a matter of weeks. He and the other employees drank cognac all day in an attempt to fight off the disease; they found that orange peels improved the taste. Recalling that experience, in 1898 Fritz improved the taste of a strong but nasty-tasting cough syrup, introduced Sirolin, and soon the company's sagging fortunes were reversed. Such was the base of one of the great pharmaceutical houses of the world. Today Hoffmann-La Roche has sales of $5.5 billion.

Fritz married Adèle La Roche in 1895, the sister of a close friend. When Fritz died in 1920, the bulk of his estate appears to have gone to one son, Emanuel, who married a Basel society girl, Maja Stehlin. They had two sons and a daughter. Emanuel died in a car crash in 1932.

His widow, Maja, was remarried two years after his death, to Paul Sacher, a conductor and local celebrity ten years her junior, who had founded Basel's chamber orchestra and a special school for the study of music. Today the Hoffmann-La Roche family descendants own an estimated $1.6 billion of the voting shares, plus an unknown number of bearer shares; of that, Paul and Maja are said to control the bulk.

One of the world's great music patrons, Paul Sacher has commissioned all of today's major composers. Any Stravinsky mementos that come onto the market are usually snapped up by the Paul Sacher Foundation. Sacher knew Stravinsky and bought the composer's archives for over $5 million in 1983. He has since built a research institute to house the collection in Basel. Paul is now 81, his wife, 91; there are no children from the marriage. But there are Maja's children and grandchildren from her first husband, Emanuel Hoffmann-La Roche. They stand to inherit—provided the fortune doesn't go to charity on the couple's passing.—**Richard C. Morais**

THOMAS AND STEPHAN SCHMIDHEINY

Just Two Solid Swiss Citizens

Jacob Schmidheiny (1838-1905), son of a shoemaker, started this family's wealth with a small brick factory in Heerbrugg, a village in eastern Switzerland. From that, four generations of industrialists have created an empire that has become an important part of the Swiss economy. Rather than squander money or idly keep cash in the bank, the Schmidheinys take risks and plow money back into new businesses.

Old Jacob divided his fortune between his two sons, Ernst and Jacob II. Ernst joined the family business after

Daniel Boschung KEY color

Thomas and Stephan Schmidheiny

World War I, increased the family construction holdings, but died in 1935 when his plane crashed in Egypt. His two sons, Ernst II and Max, found that they had inherited a dangerously overleveraged conglomerate. The company's credit was cut off by the banks shortly after the brothers assumed control.

Max and Ernst II turned the family company around, however, and in their turn added to it. Max stepped down for his two oldest sons, Thomas and Stephan. Following the Schmidheiny rule, meant to keep family squabbling to a minimum, each son received a large domain over which he has absolute control. (Another son, Alexander, has little to do with the family business.)

Thomas, 42 and interested in politics, now runs Holderbank, one of the world's largest cement companies. Stephan, a 40-year-old lawyer, runs a private holding company invested in banks, real estate, retailing and construction materials—though he has diversified away from the cyclical construction business. The family holdings also include hotels and companies making precision measurement equipment and watches.

(There's another branch of the Schmidheiny family. Old Jacob's other son, Jacob II, begat son Peter who begat Jacob III. Jacob III, 44, and apparently not quite a billionaire, runs a construction materials company that competes against his two wealthier cousins', and meanwhile sits on a third family holding company with his cousin Thomas.)

While deliberately quiet and little known outside Switzerland, the two richest Schmidheinys follow the tradition of keeping a proper place in the Swiss community. Thomas represented his community and canton in local politics for 11 years and is a board member of Swissair and Crédit Suisse. Stephan, who recently made waves by buying with a partner a controlling share of SMH, the maker of Swatch, Omega and Tissot watches, is also the largest shareholder of Brown Boveri, the electrical engineering firm that is merging with Sweden's ASEA. Among other things, Stephan is a board member of Switzerland's biggest bank, UBS. Solid citizens, then. But even so, you would not necessarily realize that the two brothers together have a net worth in excess of $3 billion.—**Richard C. Morais**

France

SERGE DASSAULT AND FAMILY

How To Build A Jet Fighter

When Marcel Dassault died at 94 last year, his funeral service at Napoleon's tomb was worthy of a head of state. The father of French aviation, he was founder of Avions Marcel Dassault-Bréguet Aviation (which manufactures the famous Mirage fighter jets), a member of parliament until his death, and the richest man in France. Dassault's empire extended to publishing, entertainment, Paris real estate and electronics, plus a solid portfolio of U.S. stocks, including 1.5% of Boeing, recently worth about $120 million.

Dassault was born Marcel Bloch, the son of a Paris physician. An exceptionally talented aeronautics engineer, he designed his first aircraft for the French government during World War I. Bloch was born Jewish but converted to Catholicism and changed his name after surviving Buchenwald. He recouped from two complete nationalizations of his aircraft companies—during the Popular Front in the 1930s and after World War II.

Arnaud Borrel/Gamma Liaison

Serge Dassault

Dassault hired the best engineers in France, but to keep costs down he would improve on existing prototypes rather than design from scratch.

Cautious in aircraft development, Dassault was aggressive in U.S. stocks: When the Mirage F-1 lost a bid for a major arms contract to General Dynamics' F-16 in the mid-1970s, he reportedly acquired a huge block of his competitor's shares.

In 1981 he staved off yet another full nationalization by "donating" 26% of the family shares to the state. In exchange Dassault's heirs may not have to pay full inheritance taxes.

His family still owns just short of 50% of the company's stock. His widow, Madeleine, and two sons—the older Claude, who is mentally handicapped, and Serge, 62, who became chairman of Avions Dassault last October. With France moving away from nationalization of industry, Serge hopes to buy back some of the government's share in the company and restore the family's full control. Estimated family wealth comes to at least $1 billion, not counting extensive Paris real estate.—**Diana Fong**

LILIANE BETTENCOURT

From A Tricycle, Suntan And Hair

The heiress to the L'Oréal fortune lives quietly in a mansion in a fashionable suburb of Paris with her husband, André, a former government minister and holder of the Croix de Guerre, amid her Art Deco furnishings. On her living room wall hangs one of Monet's more famous paintings of water lilies.

Meanwhile, the hair-coloring and cosmetics company that was founded in 1907 by her father, Eugène Schueller, and controlled now by Liliane Bettencourt has beaten out Avon, Revlon and Japan's Shiseido to become the leading cosmetics company in worldwide sales.

Since the time Eugène Schueller concocted a chemical hair dye in his kitchen sink and peddled it around Paris on a tricycle, L'Oréal has been more research-based than its competitors. It has expanded from hair products into skin care and other cosmetics, then later pharmaceuticals. Schueller, who was chairman of the company until his death in 1957, had a knack for introducing new products at the right time, such as Ambre Solaire suntan lotion in the 1930s, when the French government gave in to workers' demands for paid vacations and people swarmed to the beaches.

R. Kalvar Magnum

Liliane and André Bettencourt

L'Oréal's Free Hold styling mousse, an alternative to hair spray, is the company's recent hit on both sides of the Atlantic. L'Oréal's North American licensee, Cosmair, which acquired Warner Communications' cosmetics division in 1984, has grown dramatically over the past four years. Mme. Bettencourt also owns 25% to 30% of Cosmair.

In the past five years L'Oréal stock has jumped at least four times in value on the booming Paris Bourse, making Mme. Bettencourt's 28% interest in L'Oréal, held through Gesparal SA, a holding company, worth $1 billion. Bettencourt once owned all of Gesparal. But François Dalle, L'Oréal's retired chairman, persuaded her to sell 49% to Nestlé in a complicated transaction for 4% or more of the Swiss company's stock. Bettencourt, reportedly, was trying to reduce her stake in L'Oréal so that her heirs (she has one daughter, Françoise) would not have to pay French inheritance taxes. L'Oréal denies this was her motive. Whatever the case, French inheritance taxes have since been abolished.—**Diana Fong**

SCHLUMBERGER FAMILY

Baku To Thank

They're quite a family. Dominique de Menil is the acknowledged doyenne of Houston society and a world-famous art collector. Jérôme Seydoux heads Paris-based aviation, shipping and industrial concern Chargeurs SA. Nicolas Seydoux heads Gaumont, France's largest film production and distribution company. The youngest Seydoux brother, Michel, heads his own film production and aviation company, with reported 1986 sales of about $100 million.

The family fortune traces to two brothers, Marcel and Conrad Schlumberger (pronounced Schloom-barezhay), geologists from German-occupied Alsace. In the 1920s they invented an electrical device to pinpoint the location of oil deposits—a process known as oil well logging. They set up a small family enterprise in Paris, and the first big customers willing to take a chance on their unfamiliar device

Gotta/Sipa

Jérôme Seydoux

Ginies/Sipa

Nicolas Seydoux

and large claims were the Soviets, who used the new technology to develop the Baku oilfields. Schlumberger Ltd., now a New York-based multinational, has been the world leader in its field ever since.

The family is well represented on the board but has otherwise been out of the firm for a long time. The basic decision was taken by Marcel's son Pierre in the 1950s: If Schlumberger Ltd. was to prosper, it must cease to be a family company and open the way for talent to rise from within.

Jérôme Seydoux, Marcel's grandson, was brought into the family firm in 1970 by the urbane, artistically inclined Jean Riboud, then chief executive. Handed an ailing French maker of electrical meters the company had picked up, Seydoux turned it around. Riboud rewarded him with the title of company president in 1975. There ensued, as Paul LePercq, a director and longtime intimate of the family, delicately described it to FORBES, "a situation full of subtleties . . . in France if you are president, you are Mr. Big. The title of chief executive does not exist." Family member or not, Seydoux, brash and outspoken, did not fit into the new Schlumberger mold. He was fired five months later, and went on to found Chargeurs, which is performing well on the Paris Bourse. "I'm not a fatalist. I believe in taking chances," he explains.

These and other heirs of the two brothers from Alsace have long diversified their interests and investments but still hold an estimated 20% to 25% of Schlumberger stock, recently worth less than half its peak value during the oil crisis but still over $2 billion.—**Diana Fong**

The Netherlands

DREESMANN FAMILY

Commerce And Literature

The Dreesmann family is important enough in Holland to draw tabloid headlines like "Dallas in Nederland." Its company is 100%-family-owned Vendex International, the Netherlands' largest specialty retail group, with 1,150 stores in Holland, holdings in five other countries and interests in everything from wine outlets to temporary help services. Its $9 billion world revenues and locally enormous collection of retail stores bulk large in a country as small as Holland.

Vendex began more than 100 years ago when Anton Dreesmann and his brother-in-law set up a small retail business bearing their names, Vroom and Dreesmann.

Today the company is headed by Dreesmann's grandson, Anton R.C. Dreesmann, 64, a doctor of both law and economics and a part-time professor at the University of Amsterdam. Professor Dreesmann is interested in art and literature but he doesn't scorn commerce. He had the foresight and financial adroitness to expand in the Dutch service industry and invest aggressively abroad. Since 1974 sales have grown from $400 million to the present $9 billion.

Ronald Hoeben

Anton Dreesmann

Among the many Dreesmanns in the present generation, Cecelia, the youngest sister, is the most notorious. Her romantic novel, *De Mandersens* (an anagram for Dreesmann), about a warehouse dynasty, is full of family quarrels over love and property. Rumor has it the novel is based roughly on actual Dreesmann goings-on.

Be that as it may, plans are afoot to take the company, now valued at a minimum of $1.5 billion, public before 1990.—**Patrice Duggan**

Sweden

HANS AND GAD RAUSING

They Remember Mama

Ruben Rausing, a Swedish merchant's son, went to study business on scholarship at Columbia University in 1918—and in his rented Model T Ford Rausing toured the country, where he contrasted America's gleaming store rows of prepackaged foods with Sweden's old-fashioned barrel and gunnysack unlabeled produce.

Rausing reluctantly returned to the university town of Lund, Sweden. But he remembered the packaging. In 1929 he cofounded a specialized packager—for flour, marmalade and sugar—and for years worked on inven-

Hans Rausing

Gad Rausing

tions and built several companies.

Around the end of World War II, Rausing, observing his wife making sausages in the kitchen one afternoon, admired the efficient way the meat was squeezed into the package skin and then pinched shut at both ends. He applied the idea to fresh milk, a major Swedish product with markets strictly limited by spoilage and difficult packaging problems, and came up with a low-cost, germ-free packaging system that would eventually eliminate the need for refrigeration in the store.

He founded Tetra Pak in 1951, and the family's first cream packaging machines began to whir one year later at the Lund District Dairy. "It was a very advanced concept at the time," son Hans Rausing tells FORBES. "We were the first in the world to apply plastic coatings to liquid packages."

By 1965 the Rausing family found itself sitting atop a small, unwieldy $40 million (sales) business empire of bank note dispensers, water purification equipment, paper mills—and Tetra Pak—all the things that had interested the founder in a lifetime of puttering and probing. "Around 1965 we said, 'What the hell are we doing?'" recalls Hans, now 61. "Our liquidity was not good. Our solidity was not good. So . . . we decided to sell everything."

Everything but Tetra Pak; Rausing invested the $13.5 million sale proceeds into it and snapped up minority shareholdings. "I would say the shareholders were very happy to sell out," recalls Hans. "At the time they felt Tetra Pak was a bit too adventurous."

Marcus Wallenberg, Sweden's most powerful industrialist and banker, didn't have those doubts. He had financed Rausing's specialized packaging company three decades earlier, and he backed Tetra Pak now.

Today Tetra Pak's cool, reserved chairman, Hans Rausing, is semiretired, a tax exile from Sweden living on his estate in England. His older brother Gad, 65, is an archeology professor at the University of Lund.

And Tetra Pak? With its narrow focus on liquid packaging and $2.6 billion sales worldwide, family-held Tetra Pak is worth—estimates *Affärs Världen*, a Swedish business journal, some $6 billion dollars.—**Lisa Scheer**

Spain

MARCH FAMILY

The Balearic Smuggler

The March Group, a respected Spanish industrial and banking empire, is headed by Carlos and Juan March. It owns 50% of Corporación Financiera Alba SA, a $1 billion (market capitalization) holding company with investment stakes in building materials company Uralita and brewer San Miguel, among others. Its fortune, worth between $1.2 and $1.5 billion, looms in the still relatively small Spanish economy. The March family is said to occupy an entire block in an exclusive residential neighborhood in Madrid. Outside inquiries are met with icy suspicion.

Perhaps this insularity is meant to distance the Marches from the origins of their fortune. Juan March, Carlos and Juan's grandfather, founded the house. Born in 1880 in Majorca into humble circumstances, he was considered the richest man in modern Spain. He made his first big money, according to published accounts, smuggling tobacco between Spain and North Africa to bypass the state tobacco monopoly. His profits went into real estate, banks, shipping and newspapers. March, although a book collector, never went to school and was illiterate most of his life.

Convicted for fraud during Spain's second republic, he switched his support to Franco's fascist counterrevolution and became known as Franco's principal financier.

With Franco in power, March could do pretty much as he wished. He coveted the Canadian-owned Barcelona Traction, Light & Power Co. Pleading depleted currency reserves, the Spanish government refused to hand over to the solvent utility the pounds sterling needed to make pound-denominated bond payments after the war. The bonds sank. March accumulated many of the bonds. In 1948 a group of March front men holding several of the bonds sued Barcelona Traction for not meeting interest payments. March eventually became sole owner

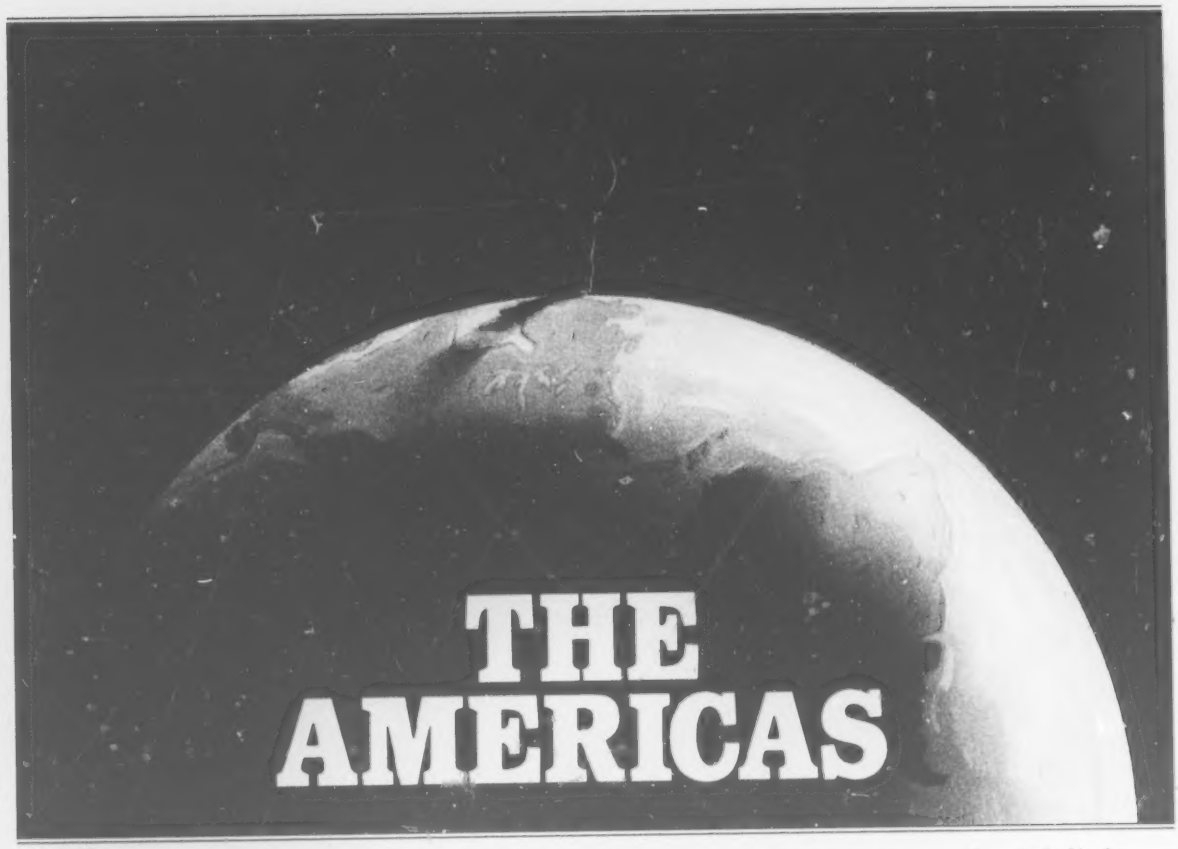
AGE/Wheeler

Carlos March

of what later became the center of his industrial empire. Now called Fecsa (Fuerzas Eléctricas de Cataluña SA), the Spanish utility really is nearly bankrupt. But the March Group sold off its stake years ago. Juan died in a car crash in 1962, leaving a huge property and a vile reputation.

"The family is very smart," explains one March Group expert. "They don't make noise."

No longer.—**Lisa Scheer**



Colombia

PABLO ESCOBAR-GAVIRIA

Chief Paisa

Escobar apparently made his way to the top of the cocaine cartel by shrewdly reinvesting his initial earnings and becoming a master of public relations in Colombia. He first attracted the attention of drug police in 1975 when he was working as a smuggler, enforcer and bodyguard. In the next two years he saved enough money to start his own business trafficking in cocaine. By 1978 he was moving about 35 kilos of coke a month out of Colombia's Medellín. A husky, 5-foot-6-inch man normally given to rugby shirts, chino pants and sneakers, Escobar is a prime example of a Colombian *paisa*—an aggressive, unsentimental country hustler.

With his increasing wealth, Escobar took over a Medellín newspaper, acquired influence in Colombian politics and successfully ran for public office, becoming an alternate to the national congress. He built a reputation as a Robin Hood by erecting housing for the poor, building 70 soccer fields and opening a zoo to the public. A member of the U.S. Drug Enforcement Administration groused that the importing of exotic animals for the zoo seemed to have brought Escobar more trouble from the government than his drug business.

Currently, Escobar is wanted in the U.S. on charges in three federal indictments for cocaine marketing, money laundering and contract killing. Escobar denied all charges through an attorney. But he admits he had made an amnesty proposal on behalf of members of the cartel in 1984, when the cartel insolently offered to pay the Colombian national debt and retire in return for immunity. Prosecutors are not sure where he is and are not optimistic that he will be arrested and extradited. Officials believe he is in business as much as ever, but they say profit margins are declining with increasing supply and some evidence that demand is tapering off.

Lupe Sedina-Segura

Pablo Escobar-Gaviria

He has the largest share, estimated at 40%, of the cartel's business—indicating a cash flow to him alone totaling at least $3 billion over the years. Federal prosecutors who had him indicted in Miami don't know where he has hidden his wealth. But they see no evidence that he has squandered his huge earnings, either.—**David Henry**

OCHOA BROTHERS

Jorge's Bright Idea

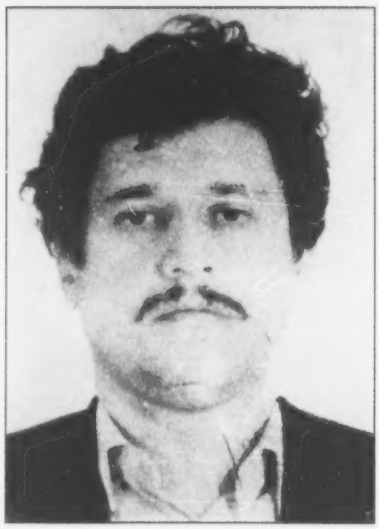
Jorge Luis Ochoa-Vasquez, the second of three drug-running sons of a Medellín restaurant owner, first took charge of a cocaine exporting business in 1977 by having his boss executed, according to a Drug Enforcement Administration agent. He and brothers Fabio and Juan David are believed to

be the second-biggest part of the Medellín cocaine cartel after Escobar, with about 30% of the business.

Jorge's contribution has been developing a distribution network in the U.S. Fabio moved to Florida to help establish the network and is believed to have personally run thousands of pounds of cocaine out of a house on a cul-de-sac in Coral Gables.

Jorge was also instrumental in the formation of the cartel itself. He convened Medellín cocaine dealers in 1981 for one of their first meetings. The initial purpose was to form a united front against revolutionary guerrillas who had kidnapped his sister, Marta, in hope of siphoning a ransom of drug profits. But a different idea emerged: The guerrillas soon released her and later formed an alliance with the cartel, in which they provided security services for money.

Soon the money poured in, and



Jorge Luis Ochoa-Vasquez

their father, an obese man known for wearing felt hats, turned over management of his restaurant to devote full time to breeding race horses; Jorge and his brother Fabio took to raising fighting bulls. By 1983 the family had also assembled a fleet of 55 aircraft, including jet-powered helicopters.

The Ochoas' attorney in the U.S., William Moran, argues the government's allegations are trumped up: "Jorge's position has always been that he is a rancher and farmer, and these suggestions of his involvement in the cocaine business have been greatly exaggerated."

But the Ochoas haven't been convincing. The U.S. Congress voted last fall to pay $500,000 for information leading to Jorge's arrest and conviction—a bounty believed the largest in U.S. history. This comes after his indictment in 1984, which alleged that his next bright idea was to try to set

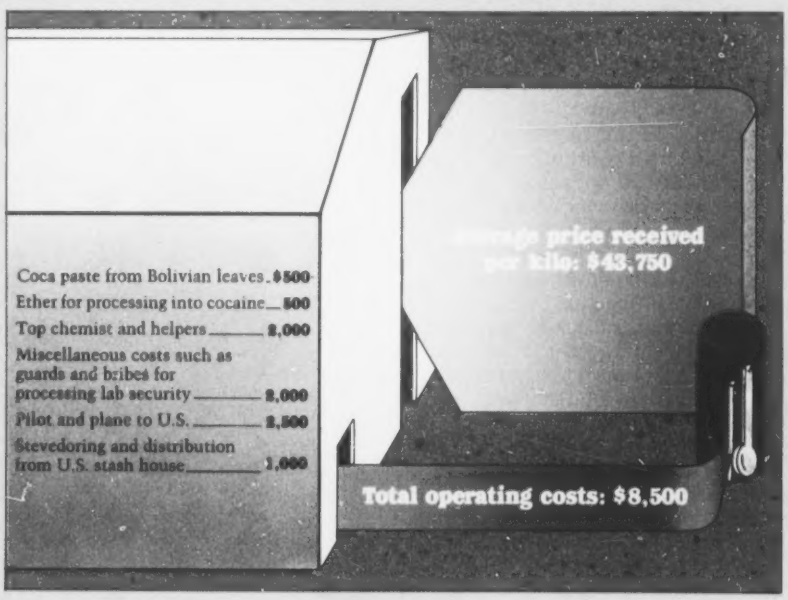
How to make $7 billion in 7 years

The Medellín cartel's estimated revenues have exceeded $3 billion a year. For which the notorious cocaine cartel has murdered nearly half of Colombia's supreme court, more than two dozen other judges, the nation's minister of justice, the editor of Colombia's second-largest newspaper, hundreds of police officers, wives, children and bystanders both there and in the U.S. The fear in Colombia is so pervasive that many lawyers refuse judicial appointments. When Colombian judges sign extraditions to the U.S., they in effect sign their own death warrants.

Recently the supreme court in Colombia actually declared the extradition treaty unconstitutional. The press there is so intimidated that it is the *Miami Herald* that has become the most complete public source of information on the cartel.

It is known as the Medellín Cartel for Colombia's second-largest city, its base of operations, believed by experts to be the source of about 60% of the cocaine sold in the U.S. The cartel buys the coca paste, runs processing labs and arranges transportation by outside subcontractors with boats and planes to its own U.S. "stash houses"—typically normal-looking middle-class residences. There the cocaine is usually sold in lots of 10 to 100 kilos to U.S.-based dealers who move the drug to the street, repackaged and diluted, at the equivalent, on average, of $176,000 a kilo. Over the years revenues to the Colombians have ranged from $12,000 to $55,000 a kilo. Profits have been tremendous. Its costs, at most, amount to $10,000 a kilo and are probably more like $7,000.

But say cocaine costs $10,000 per kilo. Use conservative estimates of sales prices and unit volume. Make generous allowance for "extraordinary losses," like the recent seizure of a Colombian processing complex worth perhaps $200 million. The cartel still must have cleared at least $7 billion profit from 1981 to 1986, tax free. That can pay for a lot of death.—**David Henry**


Coca paste from Bolivian leaves $500
Ether for processing into cocaine 500
Top chemist and helpers 2,000
Miscellaneous costs such as guards and bribes for processing lab security 2,000
Pilot and plane to U.S. 2,500
Stevedoring and distribution from U.S. stash house 1,000
Total operating costs: $8,500

up a processing complex for U.S.-bound cocaine in Nicaragua with the consent of the Sandinistas. Jorge was arrested in Spain on an Interpol warrant taken out by the U.S. But after lengthy and delicate negotiations, he was extradited—to Colombia, on a charge of smuggling bulls. After two weeks in a Colombian jail, he was suddenly released by a local magistrate. He has been free ever since.

The Ochoas have probably stashed away more than $2 billion among them, even net of bribes.—**David Henry**

Brazil

ROBERTO MARINHO SR.

Most Influential TV Viewer

Roberto Marinho, 83, often referred to as the most powerful man in Brazil, has played a dominant role in Brazil's communications for more than 60 years. Today he owns—and closely watches—Rede Globo, the TV network that commands 80% of Brazil's viewers and is the fourth largest in the Free World, surpassed only by the U.S. big three.

The Globo empire began when Marinho's father founded the Rio de Janeiro newspaper *O Globo*, now Brazil's largest daily. In 1925 Marinho went to work for his father as a journalist. Soon after, his father died, and in 1931 he took over. Early on, the paper became his political mouthpiece. In 1944 Marinho moved on to radio broadcasting, and in 1965, 14 years after TV had arrived in Brazil, he began building his television monolith. TV Globo began as a $4 million joint venture between Marinho and Time-Life. But in the 1970s new laws made it illegal for a foreign firm to own a Brazilian TV station. Marinho was forced to buy back Time's share.

To do so he mortgaged everything: his house, his art, his stocks, even the company buildings. It was so much that his son, Roberto Irineu Marinho, TV Globo vice president, once told *Advertising Age* that he had to cosign to prove his father was of sound mind. (Today he denies the quote.) But the network burgeoned spectacularly, along with the rest of Brazil, and today Marinho owns it all.

Marinho's power stems from his unabashed use of Globo as an even better political mouthpiece. "We give all necessary information, but our opinions are in one way or another dependent on my character, my convictions or my patriotism," he explains. After the 1964 military coup Marinho gave his full support to the junta for as long as it lasted, 21 years. How full? In 1984 a large demonstration in São Paulo against the junta coincided with the date of São Paulo's founding. Globo, straight-faced, reported the demonstration as a celebration of the anniversary.

Today Marinho supports the Sarney government. As the news airs, he watches with a telephone at his side, to call in his comments and complaints about the night's coverage.

Flavio Rodrigues/Editora Abril

Roberto Marinho Sr.

With estimated annual advertising revenues of $600 million, Globo has become a complex chain of 48 television stations (including affiliates) and 30 radio stations. Globo also sells programming to 90 countries, including mainland China, and recently bought 80% of Europe's Italian-language network Telemontecarlo. Marinho and his family also own finance companies, cattle ranches, shopping centers and one of the largest collections of art in South America. Although Marinho still works a full day, his three sons are well positioned to take over the reins of this expansive family empire, believed to be worth at least $1 billion.

ANTÔNIO ERMIRIO DE MORAES

Straight Man

Now 59, he is Brazil's perennial "Businessman of the Year"—elected eight times in a row in a Brazilian business magazine's annual reader poll—and has been described in the Brazilian press as a man of "unsurpassed ethics in business." An austere figure, known for his inattention to sartorial matters, Ermirio arrives at the office of his family company, Votorantim, by 7 each morning and doesn't return home until after 8 in the evening.

Votorantim, founded by his grandfather in 1918, is the largest industrial group in Brazil and its largest single private employer. Together with his brother José, the group's president (family members dominate the top of the company, but it is Antônio who calls the shots), director Ermirio holds close to 100 companies, with more than 60,000 employees and a net worth approaching $2 billion. A native of São Paulo, Ermirio was educated as an engineer at the Colorado School of Mines for a career in the family business, which is heavily dominated by aluminum, cement and zinc production.

Votorantim has always gone out of its way to avoid foreign investment or even direct foreign technology transfers. Ermirio says his company succeeded in part because of its Brazil-only policy, which keeps the wealth at home. He ascribes its success even more to a practice of keeping his company substantially free of debt (8% of capital) despite traditional Brazilian hyperinflation. Instead, he plows cash immediately back into new produc-

Renato dos Anjos/Editora Abril

Antônio Ermírio de Moraes

tive assets. With investments of over $120 million last year, only one subsidiary took out a bank loan.

Ermírio has been drawn to public life, so far without much success. In 1982 Brazil was entering what was, at the time, its deepest monetary crisis. Ermírio publicly prescribed "austerity, parsimony and work" as the cure. A close friend of Brazil's recently deposed finance minister, Dilson Funaro, he is considered one of the fathers of the 1986 "Plano Cruzado," which tried to kill inflation through price and wage controls. This resulted in an eventual price explosion earlier this year and near chaos in the economy.

Last fall he took his economic and political prescriptions to the voters, running unsuccessfully for governor of São Paulo state on the ticket of the Brazilian Worker's Party, a party that has shed its onetime leftist ideological character and now mostly serves individualists coveting office, such as Ermírio. That defeat may or may not have cured his political ambitions. But for the time being he has returned to business as usual, living quietly in São Paulo with his wife of 34 years and four of his nine children, and turning up at the office again bright and early each morning. Business, perhaps, seems more rational than politics.—**Patrice Duggan**

SEBASTIÃO CAMARGO

It's Better Than Being Foreman

The son of a humble farmer, he never had more than a third-grade education. But in the Twenties and Thirties, as Brazilian modernism tore away at the established order, Sebastião Ferraz de Camargo Penteado rose from laborer to proprietor and thence to become one of the wealthiest men in Brazil.

Camargo was born in 1909 in Jaú, a small town in the interior of the state of São Paulo. While he was still a boy, Camargo left his father's farm to work for a construction firm as a laborer, but without education and social connections soon found he was unable to rise above foreman.

At 21 he stepped out and formed his own business. In the beginning, with ten employees, he was a subcontractor. But boosted by the post-Depression industrial expansion of the 1930s, high prices at home and economic nationalism throughout the 1940s and 1950s, Camargo expanded his construction company and diversified aggressively.

Today Camargo is the leader and principal owner of Camargo Corrêa, the second-largest industrial group and the largest construction operation in Brazil—with 33 companies employing some 33,000 people in civil construction, mining, reforestation, engineering and finance.

Camargo has been involved in some of the grandest and most notorious projects in Brazil. There was the building of Brasília, the nation's futuristic capital, which was constructed from scratch in the late 1950s in an area so desolate that, with no roadways, the first sacks of cement had to be flown in.

There was the construction of

Luiz Dantas/Editora Abril

Sebastião Camargo

the 1,967-mile-long TransAmazônica highway and Itaipu, which is one of the largest hydroelectric dams in the world. Only half completed, it has so far cost $11 billion and is considered a significant factor in creating Brazil's international debt.

Today, at 78, Camargo works a normal day, operating a business with a reported net worth of over $2 billion. He keeps a low profile and, unlike many of Brazil's business elite, has never run for public office. With Dirce, his wife of 41 years, Camargo has 3 married daughters, Rosana, Renata and Regina, and 11 grandchildren. All three sons-in-law work at Camargo Corrêa.—**Patrice Duggan**

Mexico

GARZA SADA FAMILY

Rockefellers No More?

The Garza Sada name commands more attention in Mexico than does Rockefeller in the U.S. For most of this century the Garza Sadas have been a leading example of Mexican business empires—built and maintained around family. Third- and fourth-generation descendants of the founders still control their four mammoth holding companies.

The clan began in 1890 in the northern city of Monterrey with the marriage of Isaac Garza to the sister of Francisco Sada. Their families had come from Spain, where they had converted from Judaism to Catholicism during the Inquisition. The brothers-in-law founded a brewery known for the Tecate, Carta Blanca and Bohemia brands—which can be found far north of the border.

Beer led to heavy industry. The family got into glass by making bottles for the beer. They started a packaging company to make boxes for the beer bottles. They turned to steel during World War II to ensure a supply of bottle caps. By the 1970s their children and grandchildren had developed four huge conglomerations of industrial and banking companies with factories and offices across Mexico (widely known south of the border as Alfa, Vitro, Visa and Cydsa).

Today, though, the family tradition has noticeably weakened. The result has not been good for the Garza Sadas. The family has grown with each generation, and divided. "Family deci-

sions" are a thing of the past, especially after the 1973 terrorist assassination of a leading figure of the second generation, Don Eugenio, a son of Isaac Garza. The component companies have often competed for joint venture partners, and lately cousins controlling individual conglomerates have been feuding in public.

As Mexico's economic problems deepened with the collapse of oil prices, certain indebted companies in the private sector suffered severely. Jealous of the growing power of the efficient private industries, the government bureaucrats used the crisis to undercut them. The very expansionist zeal that had served the Garza Sada companies so well during the boom now got them into trouble. Alfa, the huge steel and packaging combine, in particular was dangerously overextended. It bought companies left and right, entered joint ventures and built up existing businesses, mostly in capital goods. Sales increased by 950% during the 1970s.

When oil prices tumbled and the Mexican economy went to pieces—largely because of government waste, corruption and blundering—Alfa almost collapsed. Now bankers are taking ownership stakes, and family assets are a fraction of what they were at the beginning of the 1980s—still an estimated $1.3 billion.—**David Henry**

Bernardo Garza Sada

Canada

KENNETH ROY THOMSON

Doing It More Like Rapture

Kenneth's father, Roy Thomson, was the son of a Toronto barber and a brash and acerbic dealmaker who built a diversified international empire that now includes 60% to 75% of three of Canada's largest companies: Thomson Newspapers Ltd., International Thomson Organization Ltd. and Hudson's Bay Co. His and his family's net worth recently exceeded $5.4 billion.

Kenneth Roy Thomson

Kevin Fleming

Roy Thomson purchased his first radio station and newspaper in Ontario in 1931. In the 1940s and 1950s he pioneered an early version of the leveraged buyout, borrowing against target companies' assets and future profits to buy every paper he could that had a monopoly market. He then installed skilled management as needed, implemented a no-nonsense budget formula, and went on to the next newspaper. By 1953, when he resettled in Britain, where he had expanded his empire, as did a number of successful Canadians, Thomson was one of the most powerful men in Canadian publishing.

Known for his ribald manner and brusque style, he is credited with saying "the difference between rape and rapture is salesmanship." The Canadian barber's son was granted one of Britain's last hereditary peerages, becoming Lord Thomson of Fleet. He also befriended J. Paul Getty, who let him in for $5 million in a 1971 oil play in the North Sea. Soon the combine was pumping 100 million barrels a year and that alone put Thomson among the world's billionaires.

The present Lord Thomson, less colorful than his father, has been successful, too. He moved the family back to Canada, reduced leverage, and used the oil money to purchase ever more newspapers and other businesses. One Canadian in four now buys a Thomson-owned newspaper each day, and the chain reaches as far south of the border as Oxnard, Calif. Thomson also owns a small airline, a package-tour operator, and publishes *Jane's Fighting Ships*.

Thomson's only serious blunder, if it was one, was his 1979 purchase for over $400 million of Hudson's Bay Co. The 350-year-old retail chain that is the oldest continuing business enterprise in North America has lost money steadily since Thomson took it over, but there are signs that he is finally beginning to turn the company around.

"I always ask: Will the business be there in 50 or 100 years?" he remarked once, in a rare interview.

He is a quiet man said to be seen occasionally grocery shopping with his wife, his main extravagance a personal art museum off his Toronto office. Now 64, he has a son, David, in the business, fulfilling Roy Thomson's dying wish: that the Thomson empire be forever run by a male member of the family.—**Peter Fuhrman**

WESTON FAMILY

And It Is Around the World

The oldest among Canada's billion-dollar fortunes, the Westons' fortune dates back to 1882, when George Weston, an 18-year-old baker's apprentice, bought a bread delivery route in Toronto andbuilt a string of bakeries.

His son, Garfield, at his father's grave in 1924, swore, "I'm not going to build a costly monument to my father—I'm going to make his name

famous around the world," and went on a 50-year binge of acquisition and expansion worldwide. Now family-controlled George Weston Ltd., based in Toronto, is one of North America's largest bakers and supermarket chains and Canada's fifth-largest company. Family-controlled Associated British Foods, out of London, has restaurants and supermarkets across Europe and Australia. George Weston annual sales exceed $7.5 billion; Associated British, $3.5 billion in 1986. They were rationalized years ago by Garfield's sons, Galen and Garry Weston, two of his nine children. Galen, 47, has managed George Weston since 1970, when he left the comforts of the family's estates and polo ponies in England and Ireland to shape up the then-ailing operation. He sold three-quarters of the firm's supermarkets, and the slimmed-down company has prospered: Its stock price has more than doubled in the last three years. Garry, 54, who only occasionally visits Canada, launched in the 1960s what became Ireland's largest supermarket chain. It is now part of Associated British, whose parent company, George Weston Holdings, owns Fortnum & Mason, London's posh provision store. It also holds 16% of Clyde Petroleum, which recently discovered a large North Sea oilfield. In June 1986 Associated British sold its Fine Fare grocery chain for over $1 billion.

A large part of the family's investments are reportedly held by the brothers' teenage children and the family's secretive holding company, Wittington Investments. Taken together, the family has well above $1 billion. The two brothers make use of holes in both Britain's and Canada's reporting requirements to shield wealth. Their shyness is understandable: In 1983 six Irish Republican Army gunmen tried to kidnap Galen at his Irish castle. The plot failed, but the Westons have all but withdrawn from public view.—**Peter Fuhrman**

Garry Weston

Peter Redman/Financial Post

Galen Weston

PAUL, ALBERT AND RALPH REICHMANN

Maybe It's The Short Fridays

Hungarian-born refugees from Nazism, Samuel Reichmann and his six children fled to Morocco, before moving to Canada in the 1950s.

Thirty years laterRalph, 53, runs the original tile-import business, while Paul, 55, and Albert, 57, have built an empire with a net worth in excess of $6 billion. Their privately held company, Olympia & York, is North America's largest real estate developer.

Their real start came in 1965, when they paid bankrupt developer William Zeckendorf $25 million for some apartment buildings and an undeveloped lot in Toronto. Severing and selling a few lots recouped the purchase price, and they were on their way.

Steve Behal

Paul Reichmann

Today O&Y owns 8.5% of the premium office space in Manhattan. Much was bought as a local real estate depression drew to an end in 1977. The $350 million they invested then is worth over $3 billion now. Altogether, Reichmann-owned buildings, according to conservative estimates, are worth in excess of $8 billion, generating more than $800 million in cash flow annually. They have typically held debt at 40% of value.

But real estate is only the foundation. The Reichmanns have reinvested some of that cash flow elsewhere. They own 80% of Abitibi Price (the world's largest producer of newsprint), 75% of Canada's 20th-largest company (Gulf Canada Resources), more than 90% of Hiram Walker Re-

The Globe and Mail, Toronto

Canapress

Albert (above) *and Ralph Reichmann*

sources (another oil company), and 26% of the Bronfman-controlled developer (Cadillac Fairview) now being sold. Total family-controlled assets are $15 billion.

O&Y is 92% owned by the three eldest Reichmanns. Their mother, Renée, now 88, holds the honorary title of chairman of the board.

The Reichmanns, Orthodox Jews, have shunned the spotlight for most of their lives. But stories of their religious devotion are legion. The 10,000 construction workers who built New York's Battery Park City—home to American Express, Merrill Lynch and Dow Jones among others—were sent home each Friday at 2 p.m. for the Jewish Sabbath. The Reichmanns are extremely close and live within a few blocks of one another in a suburb of Toronto. They surround themselves with few of the trappings of wealth, and reportedly donate 10% of their income each year to Jewish charities.

Lately the Reichmanns have been planning to develop the new Madison Square Garden complex in New York as well as the $4.5 billion London Financial Center at Canary Wharf. They are also attempting to hedge their fortune by diversifying into oil and natural resources. So far their reputation as brilliant contrarians is under heavy test: They paid top-of-the-market for Abitibi, and they bought into oil before the 1986 collapse. Undeterred, they are developing the Beaufort Sea at huge cost for the 1990s—because the brothers are said to worry about the family's future prosperity.—**Peter Fuhrman**

CHARLES BRONFMAN

The Other Bronfman

Charles, 56, who comes from a family known for intramural strife, seems content to live quietly with his wife (they have two children), $1-billion-plus in Seagram stock, and other interests exceeding $300 million.

Charles can thank the temperance movement in the U.S. for his happy existence: Sam Bronfman, a Russian émigré, was a small-time liquor distributor and hotel owner in western Canada who made millions selling Canadian whiskey to an army of U.S. bootleggers during the Prohibition years. Like that renowned American rum-runner Joe Kennedy, father Sam tried to use bootlegging profits to buy prestige and political power. The business he built, Seagram, became one of the world's largest and most profitable liquor companies by his death in 1971.

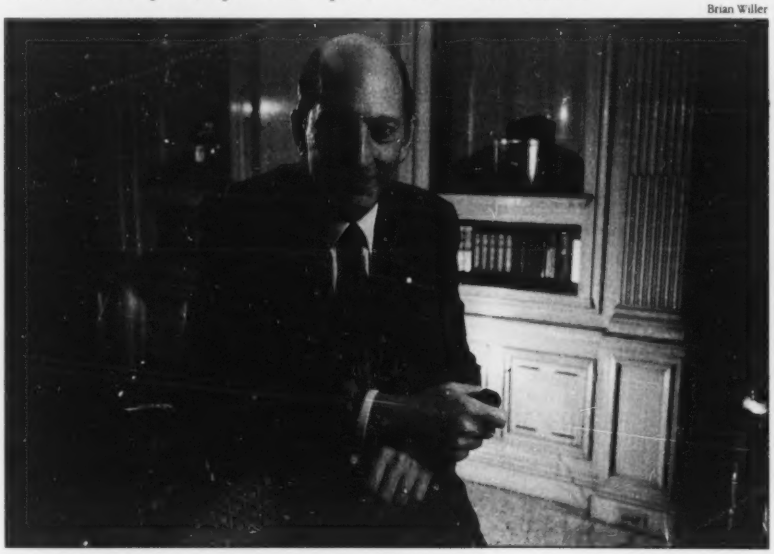
Charles and his Americanized brother Edgar, 58, are the two senior executives now at Montreal-centered Seagram & Co., Ltd. But Edgar, who works at the U.S. subsidiary in New York City, was always the more dominant. Charles prefers peace and quiet to Edgar's high-octane life, Montreal to New York. Charles is known both for his philanthropic activities and for his involvement in sports (he is principal owner of the Montreal Expos baseball team).

In addition to his 16.6% of Seagram, Charles Bronfman today controls 19% of Canada's fifth-largest brokerage house, McLeod Young Weir Ltd.

Then there is the family holding company known as CEMP (named after Sam's four children—Charles, Edgar, Minda and Phyllis), which is now being broken up. Sale of CEMP assets, including 40% of real estate developer Cadillac Fairview, should earn Charles another $200 million. The breakup of CEMP may have been triggered by Edgar Bronfman's attempt last year to declare his second son, Edgar Jr., the successor at the top of Seagram.

There is family precedent for Edgar's aggressiveness: Two Bronfman cousins, Edward and Peter, were forced by Sam to sell their Seagram shares at a below-market price of $15 million in the early 1960s. Like Edgar today, Sam evidently wanted to ensure his progeny alone would run Seagram. Undaunted, Edward and Peter have built a pyramid of leverage in Canadian companies, including giants Brascan and Noranda. All told, these "lesser Bronfmans" are worth perhaps half a billion together as a result, and control assets in excess of $75 billion. It will remain to be seen whether Charles' line will do as well.—**Peter Fuhrman**

Brian Willer



Charles Bronfman

Some people thought to be billionaires aren't. Others who once were are no longer. Plus a few who may hide it too well.

The ones we left out

The **Aga Khan,** spiritual leader of 15 million Ismailis, controls a business empire worth well over $1 billion, but only some $500 million of it appears to be his personal property. The rest is dedicated to the welfare of his religious followers.

The **Belzbergs,** the Canadian conglomerators and heavy players in the U.S. takeover game, have done well for themselves. But their empire is highly leveraged, and their interest in it is currently estimated at around $250 million.

Carlo De Benedetti, the head of Italy's Olivetti, also has his own extensive, personal business empire. His interest in it and Olivetti appears to be about $850 million.

Jean-Claude Duvalier, the exiled Haitian dictator, now lives quietly and luxuriously along the French Riviera. But estimates of how much he got out with range from $200 million to $900 million—and these may be high, Haiti being so poor a country.

Shaul Eisenberg, Israeli arms broker and middleman extraordinaire in international projects, has long been reputed to be worth many billions. But he is actually worth $500 million—$100 million in real estate, $150 million in Israeli companies and $250 million in securities and cash in Swiss and U.K. banks.

Fok Ying-tung, a.k.a. Henry Fok (rhymes with truck), is a partner with Stanley Ho *(below)* in the Macao gambling cartel. He, like Ho, is often thought of as a billionaire, but what's visible is perhaps half that.

Amalia Fortabat, Argentina's world-famous industrialist, socialite and art collector, is worth an estimated $750 million to $800 million.

Gonzalo Rodriguez Gacha, one of the principals of the Colombian cocaine cartel and currently a fugitive, had a smaller share than the Ochoas and Escobar *(see biographies).* It is not clear whether he has been able to rake off $1 billion—yet.

Sir James Goldsmith, Britain and France's (he holds dual citizenship) takeover artist, recently sold his stock in the main holding company of his empire for $300 million. Through his Brunerie Foundation, Goldsmith controls perhaps $200 million worth of timberland and other assets.

Stanley Ho, the widely known head of the Macao casino cartel, turns out to have only a part interest. What is visible appears to be worth $200 million or so. He is known to have widespread holdings around the world, but their total value is far from clear.

Adnan Khashoggi, Saudi Arabia's world-famous arms dealer, was reputed last year to be the "richest man in the world." This year, after highly visible and embarrassing business reverses, Arab bankers are whispering that he has a negative net worth.

Carlos Lehder, junior member of the Colombian cocaine cartel, is now in Florida prison awaiting trial. If he ever accumulated $1 billion from the cartel, it is extremely doubtful that it has all stayed with him since his capture by police.

Costas Lemos, the secretive Greek shipping magnate widely considered the richest shipping tycoon of all, proved too secretive this year.

Stavros Niarchos, a better-known but still secretive Greek shipping magnate, is taken for granted as a billionaire. But proving that he is is another matter.

Fred Olsen, Norway's reclusive owner of Timex, shipyards, half a Canary island and other assets, was described as worth $1 billion about five years ago. He may have been then, but deep and repeated business reverses since have reduced the worth of his business empire, according to an inside source, to under $500 million.

Christina Onassis, Greek shipping magnate's daughter and heiress, may not even be a quarter-billionaire, thanks to the shipping industry's worldwide depression.

Harry Oppenheimer, South Africa's famous minerals magnate, owns stock in the family companies Anglo American Corp. and Minorco and a grab bag of other interests, largely South African. Once over $1 billion, they lately come to about $800 million, courtesy of the collapse in the South African financial rand.

The **Pesenti** family of Italy has vast interests through their holding company, Italmobiliare, including cement, forest product and steel companies. Estimated worth: in the neighborhood of $800 million.

Ghaith Pharaon, Saudi Arabian investor and financier now based in Atlanta, has given his bankers a personal financial statement fixing his net worth at $975 million.

The legendary **Rothschilds** are unquestionably vastly wealthy, but the several branches are well dispersed now, several generations after the original five brothers who bestrode Europe in the early 19th century. The extent of each branch's present wealth is unclear.

The **Thyssen** family, Germany's steel magnates, holds about 20% of Thyssen A.G. Ten years ago that was easily $1 billion, but years of bad results have pushed the stock down to a recent $400 million. The family—Countess Anita Zichy-Thyssen and her two sons, Claudio and Frederico—lives in Argentina.

Hans Vontobel, and his brother, **Hans-Dieter,** run their exclusive family bank, Bank J. Vontobel, from Zurich's Bahnhofstrasse. One of the last holdouts to go public amongst Switzerland's private banks, the brothers' holdings are estimated at nearly $750 million.

The **Wallenbergs,** Sweden's premier industrial and financial family power for generations, are merely ordinary rich in their own right. Their vast corporate empire and the power that goes with it is controlled through a series of charitable foundations and investment companies, not through personal ownership. ■

And what of the Krupps?

Arndt Krupp von Bohlen und Halbach, the last of the German gunmaking family, had the dubious distinction of being Hitler's honorary godson. It was in their close ties with the Third Reich that the Krupps wrote the most infamous chapter in their long history. In 1906 Gustav von Bohlen und Halbach became head of the family when the Prussian diplomat married the only Krupp heir, Bertha—she whose name was given to the giant Krupp cannon "Big Bertha" that bombarded Paris in World War I. Gustav eventually became, in the words of fellow steel baron Fritz Thyssen, "a super Nazi."

During the war Krupp used slave labor, including women and children, to make the Third Reich's guns, ammunition and tanks. The appalling conditions at Krupp plants rivaled those at the concentration camps.

After the war Gustav, by then almost senile, escaped imprisonment, but his son, Alfried, who had taken over in 1943, was convicted of war crimes in 1948. Released three years later, he retrieved the family business and set out to find a Mr. Clean as chairman.

Enter Berthold Beitz, a supervisor of oilfields in southeastern Poland during the war, who had saved thousands of Poles and Jews from the death camps with token jobs. Beitz restored the company to prominence, reducing its dependence on the steel industry and diversifying into heavy engineering, shipbuilding and trading. Today, 75, he still runs Friedrich Krupp GmbH.

And what of the family fortune? In 1966 Alfried's only son, Arndt, renounced his inheritance, though not the bequest by his father that yielded him $900,000 a year to live on, and refused to have anything to do with the company. He even dropped the Krupp name. His father, Alfried, bowing to the inevitable, set up a foundation to hold his estimated $3.5 billion fortune, and died the next year, 1967. Arndt led a dissolute life, jetting between Palm Beach and Europe with his constant male companion, and died last year without issue, of a heart attack, at the age of 48. *Sic semper tyrannis.*—**Edward Giltenan**

Harry Benson

Arndt Krupp von Bohlen und Halbach
The end of the line.

Did Czar Nicholas quibble with Carl Faberg over the price of eggs?

When you are dealing with something quite extraordinary price somehow seems irrelevant or even irreverent. Indeed, for those who appreciate fine Scotch, Johnnie Walker Black is priceless.

Johnnie Walker Black Label Scotch
YEARS 12 OLD

What is the owning of a bank compared with the nationalizing of a bank?

Now for the world's really rich

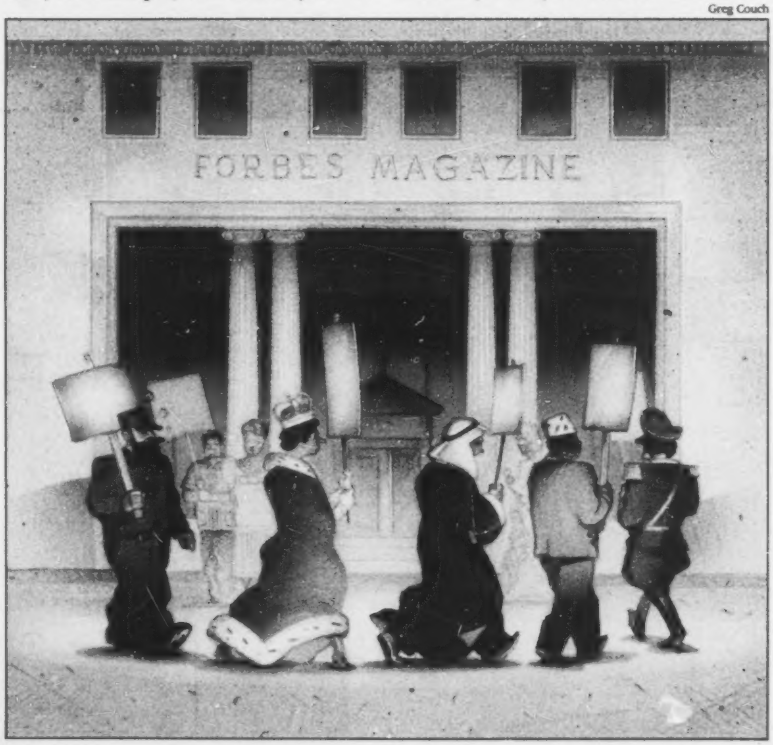
By Allan Dodds Frank

REMEMBER SATIRIST Mort Sahl's joke about being washed up at 35? "Fidel Castro just turned 33, and he already owns a whole country," moaned Sahl.

Well, that's a major problem with calculating wealth in much of the world. What's mere personal net worth compared with a dictatorship? Never mind that the dictator presides over a sick economy. It's questionable, for example, whether any of our world billionaires live on anything as lavish a scale as North Korea's Marxist dictator Kim Il Sung. Kim, 75, has reputedly built a castle to house all the gifts his 20 million enlightened subjects have thrust upon him.

The 96 billionaires on our list, as rich as they are, unlike Kim, don't have tanks and secret police and the headship of nation-states (nominal or otherwise) at their command. The billionaires may be able to buy power, but they rarely can shoot their way into it. (In fact, several of our billionaires might still be parking cars, rickshaws or camels but for their extremely lucrative connections with, and long-term kickbacks to, the people who do have the guns.)

Greg Couch



If we were to try to assay all the world's kings and queens and assorted dictators, in dollar terms the richest man in the noncommunist world would be King Fahd, absolute ruler of Saudi Arabia. Fahd's family has control of all of the country's 865,000 square miles not owned by others, and all the wealth on that land. That includes known oil reserves, currently worth about $1 trillion. The oil alone would dwarf the combined wealth of the 96 on our list. In second place, and arguably neck-and-neck with some of the top names in our billionaires survey, would be the Sultan of Brunei.

But a lot of assets controlled by rulers are often either not portable or not disposable, since they amount to the national heritage. That doesn't bother some rulers. Zaire's Mobutu Sese Seko reportedly has piled up $5 billion or more in his 22-year reign over 30 million people. To be on the safe side in case of exile, Mobutu reportedly owns residences in Belgium, France, the Ivory Coast, Monte Carlo, Spain and Switzerland.

Of course, there's Ferdinand and Imelda Marcos. They may never get their hands on the $5 billion to $10 billion—or maybe even $15 billion, according to the Philippines' principal investigator, Ramon Diaz—that they allegedly purloined in the Philippines.

Moving from the capitalist world to the glories of socialism, there is, again, North Korea's dictator, Kim Il Sung. Kim is not only good to himself, he is also good to his son, Kim Jong-Il. He allegedly let Junior kidnap two South Korean filmmakers to try to create a captive film industry.

Then consider Rumania's Marxist dictator, Nicolae Ceauşescu. The 69-year-old communist stalwart has ordered the razing of parts of historic Bucharest to accommodate the building of a civic center monument to himself, in keeping with road signs reading "Glory to the greatest Ceauşescu." Rumania's aged despot and his North Korean counterpart have one remarkable thing in common: They may both be Communists, but they also apparently both intend to be succeeded by their playboy sons.

Which makes even these bloody tyrants human. For what successful person doesn't want to see his kids carry on the line? ■

RANKING THE BILLIONAIRES

Family/*main source of wealth*

OVER $10 BILLION

Japan
Taikichiro Mori/*property development*
Yoshiaki Tsutsumi/*transport, hotels*

OVER $5 BILLION

Japan
Yohachiro Iwasaki/*logging, property*
Shigeru Kobayashi/*real estate*
Haruhiko Yoshimoto/*real estate*
Germany
Brenninkmeyer family/*retailing*
Sweden
Hans and Gad Rausing/*liquid packaging*
Canada
Albert, Paul, Ralph Reichmann/*real estate*
Kenneth Roy Thomson/*media, petroleum*

OVER $2 BILLION

Japan
Eitaro Itoyama/*property*
Konosuke Matsushita/*electronics*
Seijiro Matsuoka/*trading, real estate*
Yoneichi Otani/*hotels*
Keizo Saji/*liquor distribution*
Rinji Shino/*real estate*
Taiwan
Tsai Wan-lin/*insurance, construction*
Y.C. Wang/*plastics*
Saudi Arabia
Al Rajhi family/*money changing*
Germany
Karl Friedrich Flick/*finance*
Henkel family/*consumer products*
Reinhard Mohn/*publishing*
Rudolph August Oetker and family/*food, brewing*
Quandt family/*autos, industry*
Wilhelm and August Jr. von Finck/*real estate, banking*
Von Oppenheim family/*banking*
Prince Johannes von Thurn und Taxis/*land investments*
United Kingdom
Gerald Cavendish Grosvenor/*property*
Italy
Giovanni Agnelli/*autos*
Switzerland
Thomas and Stephan Schmidheiny/*industry*
France
Schlumberger family/*oil services*
Colombia
Pablo Escobar-Gaviria/*cocaine*
Ochoa brothers/*cocaine*

OVER $1 BILLION

Japan
Ken Hayashibara/*pharmaceuticals, biotechnology*
Kanichiro Ishibashi/*rubber*
Masatoshi Ito/*retailing*
Genshiro Kawamoto/*real estate*
Kiyofumi Moroto/*forestry, real estate*
Masao Nangaku/*property development, electric retailing*
Masahito Otsuka/*pharmaceuticals*
Kiyoshi Sagawa/*delivery service*
Takeo Shigemitsu/*candy making, retailing*
Hirotomo Takei/*publishing, real estate*
Renichi Takenaka/*construction*
Shoji Uehara/*pharmaceuticals*

Family/*main source of wealth*

Hideki Yokoi/*clothing manufacturing, real estate*
Korea
Chung Ju-yung/*heavy industry*
Lee Byong-chull/*trading, retailing, consumer electronics*
Taiwan
Chang Yung-fa/*shipping*
Hong Kong
Cheng Yu-tung/*jewelry, property development*
Kadoorie family/*utilities, hotels*
Kwok Tak-seng/*property development*
Lee Shau-kee/*property development*
Li Ka-shing/*property development*
Sir Yue-Kong Pao/*shipping, property development*
Singapore
Lee family/*rubber trading, banking*
Indonesia
Liem Sioe Liong/*trade, industry*
Australia
Robert Holmes à Court/*corporate raiding*
Kerry Packer/*media*
India
Birla family/*textiles, aluminum, autos*
Saudi Arabia
Bin Mahfouz family/*banking*
Juffali family/*construction, auto distribution*
Suliman Saleh Olayan/*construction*
Alireza family/*autos, finance*
Kuwait
Al-Ghanim family/*autos*
Lebanon
Rafik Bahauddin Hariri/*construction*
Safra brothers/*banking*
Germany
Erivan Haub/*supermarkets*
Grete Schickedanz/*mail order*
Werhahn family/*retailing, brewery, banking*
United Kingdom
Robert Maxwell/*publishing*
Sir John Moores/*retailing*
David J. Sainsbury/*supermarkets*
Sir Adrian and John Swire/*Far East trading, airline*
Samuel, Lord Vestey and Edmund Vestey/*meatpacking*
Italy
Benetton family/*clothing*
Michele Ferrero/*candy making*
Ferruzzi family/*agricultural conglomerate*
Salvatore Ligresti/*construction, insurance*
Switzerland
Maja Sacher-Stehlin and Paul Sacher/*pharmaceuticals*
Baron Heinrich Thyssen-Bornemisza/*finance*
France
Liliane Bettencourt/*cosmetics*
Serge Dassault and family/*aircraft construction*
Netherlands
Dreesmann family/*retailing*
Spain
March family/*banking, industry*
Brazil
Sebastião Camargo/*construction, industry*
Antônio Ermirio de Moraes/*mining, industry*
Roberto Marinho Sr./*media*
Mexico
Garza Sada family/*beer, steel, packaging*
Canada
Charles Bronfman/*liquor*
Weston family/*supermarkets*

INDEX TO THE BILLIONAIRES

Name	Page	Name	Page	Name	Page
Agnelli, Giovanni	141	Iwasaki, Yohachiro	96	Reichmann, Paul, Albert and Ralph	160
Al Rajhi family	117	Juffali family	120	Sacher, Paul	145
Al-Ghanim family	120	Kadoorie family	106	Sacher-Stehlin, Maja	145
Alireza family	120	Kawamoto, Genshiro	99	Safra brothers	121
Benetton family	142	Kayashi, Shigeru	99	Sagawa, Kiyoshi	85
Bettencourt, Liliane	148	Kwok Tak-seng	111	Sainsbury, David J.	138
Bin Mahfouz family	118	Lee Byong-chull	105	Saji, Keizo	98
Birla family	116	Lee family (Singapore)	112	Schickedanz, Grete	134
Brenninkmeyer family	130	Lee Shau-kee	112	Schlumberger family	148
Bronfman, Charles	161	Li Ka-shing	111	Schmidheiny, Thomas and Stephan	146
Camargo, Sebastião	157	Liem Sioe Liong	113	Shigemitsu, Takeo	102
Chang Yung-fa	106	Ligresti, Salvatore	144	Shino, Rinji	90
Cheng Yu-tung	112	March family	152	Swire, Sir Adrian and John	140
Chung Ju-yung	104	Marinho, Roberto Sr.	156	Takei, Hirotomo	92
Dassault, Serge and family	148	Matsuoka, Seijiro	93	Takenaka, Renichi	102
Dreesmann family	149	Matsushita, Konosuke	85	Thomson, Kenneth Roy	158
Ermirio de Moraes, Antônio	156	Maxwell, Robert	140	Thyssen-Bornemisza, Baron Heinrich	145
Escobar-Gaviria, Pablo	153	Mohn, Reinhard	124	Tsai Wan-lin	106
Ferrero, Michele	144	Moores, Sir John	140	Tsutsumi, Yoshiaki	84
Ferruzzi family	142	Mori, Taikichiro	85	Uehara, Shoji	96
Flick, Karl Friedrich	133	Moroto, Kiyofumi	90	Vestey, Edmund	138
Garza Sada family	157	Nangaku, Masao	98	Vestey, Samuel, Lord	138
Grosvenor, Gerald Cavendish	134	Ochoa brothers	153	Von Finck, Wilhelm and August Jr.	132
Hariri, Rafik Bahauddin	121	Oetker, Rudolph August and family	129	Von Oppenheim family	129
Haub, Erivan	130	Olayan, Suliman Saleh	117	Von Thurn und Taxis, Prince Johannes	132
Hayashibara, Ken	93	Otani, Yoneichi	89	Wang, Y.C.	105
Henkel family	129	Otsuka, Masahito	92	Werhahn family	133
Holmes à Court, Robert	116	Packer, Kerry	113	Weston family	158
Ishibashi, Kanichiro	97	Pao, Sir Yue-kong	107	Yokoi, Hideki	88
Ito, Masatoshi	97	Quandt family	133	Yoshimoto, Haruhiko	88
Itoyama, Eitaro	97	Rausing, Hans and Gad	149		

ACKNOWLEDGMENTS

This special report on world billionaires was edited and supervised by Senior Editor Harold Seneker. He prepared for the task of finding and verifying information about great wealth over the past six years by editing our annual Forbes Four Hundred—the richest people in the U.S. In the present task he had support from a number of FORBES staffers. Senior Editor Jean A. Briggs marshaled a phalanx of reporters for research, writing, checking; many of their bylines appear on individual vignettes. Much background was provided by Anne Mintz, director of information services, and her specialists, Adele Bendes, Cynthia Crystal, Janet Coleman, Clarita Jones and Naomi Prall, who identified sources and documents from around the world. Freelancers Sarah Baker and Ian Hersey scoured libraries, files and consulates. Reporter Claire Poole was so effective in eliminating near-billionaires she did herself out of a byline. Our bureaus in London and Tokyo made major contributions, as did William P. Barrett of our Houston bureau, a onetime Middle East correspondent who helped identify possessors of fortunes in that part of the world. Finally, it all came together at our art department, copy desk, proofroom and photocomposition—team efforts of the highest order gratefully acknowledged here.

COMING SOON: The Forbes Four Hundred—the 400 richest people in the U.S. Dated Oct. 26, our sixth annual compilation of U.S. wealth will list the four dozen or so individual Americans who qualify as billionaires.

Some will go by force, others by choice, but closed-end managers are finding a quick cure for those chronic discounts.

Investor bites sleeping dog

By Richard Phalon

THE YOUNGEST son of the famous T. Boone Pickens, T. Boone Pickens III, likes to think of closed-end investment companies as "sleeping dogs." Pickens, 30 and as fervidly entrepreneurial as his father, is not one to let sleeping dogs lie. Along with allies at Sterling Grace & Co., a Manhattan brokerage, he just helped to nudge one of the great investment company success stories—the $700 million Japan Fund—from closed-end to open-end status. The transition wiped out the discount of at least $150 million between net asset value and market value at which the fund had been trading.

For Pickens and his allies, Oliver and John Grace, that meant a quick profit of at least $10 million. But all of the fund's shareholders also benefited, which helps explain why something of a countermovement is coalescing around closed-end discounts.

There have been at least five open-endings in the last decade. But the pace is speeding up. At the moment there are three working their way through the formalities, and more seem likely to follow. Significant (though not necessarily hostile) chunks of stock have turned up on the books of the France, Italy and Scandinavia funds, for instance. And there are more targets. Wall Street has pushed an incredible $12 billion of closed-ends out the door since January 1986, and most have sunk below issue price within weeks of being offered. Closed-ends trading at large premiums—the Taiwan Fund and the Malaysia Fund, for example—are rare. (A listing of closed-end discounts appeared in the Sept. 7 FORBES Annual Fund Survey. For more current figures check a Saturday or Monday paper.)

While Robert Theurkauf, president of the Japan Fund, now professes to be

Charles Thatcher

T. Boone Pickens III

When it comes to sleeping dogs, this apple fell close to the tree.

"delighted" with conversion, it seems unlikely the fund would have moved to eliminate the discount when it did without the implied threat of a takeover by the Pickens-Grace group.

Managers usually don't like open-ending. Yes, they concede, shareholders who elect to redeem will get full value for their money. But what about those who elect to remain? Redemptions shrink the fund, operating costs tend to increase proportionally, and then there is the tax liability on gains the fund had to take to raise the cash needed to meet the drain of redemptions.

That's the theory. What's the current reality, as measured by what is happening to the Japan Fund? The fund did have to get a lot more liquid. Between March and June of this year, its cash position rose from 2.9% to 22.9% of assets, but selling into the runaway euphoria of the Tokyo market this year was by no means a bad strategy. In fact, the fund began moving to protect its gains last year, well before open-ending pressures started to build, by cutting back its holdings in Japan's hard-hit export stocks.

As to redemptions, it's too early to tell. But it is also hard to detect any alarm in Robert Theurkauf's voice when he says, "They've been running about as expected." He won't give numbers.

Pickens contends that managers get too comfortable with the reasonably predictable flow of advisory fees generated by money locked up in a closed-end fund and don't want the threat of redemptions to disturb their peace and slumber. In an open-end, the fee base could shrivel rapidly, especially if the fund concentrates on some erratically voguish sector of the market. Not surprising, then, that many of the new closed-ends are set about with anti-takeover defenses (staggered boards, supermajority voting requirements) to keep the likes of Pickens at bay.

These defenses may make managements feel secure, but they do little for investors. "Which fund would you pay more for?" asks closed-end expert Thomas Herzfeld. "A fund where you are locked in with little likelihood of takeover, or one where you've some chance of rescue if things don't work out?"

The trend to voluntary open-endings suggests that some managers are beginning to see the light. Equity-Guard Stock Fund, for example, comes fully equipped with takeover defenses. But it is converting after little more than a year of life (and a 20% discount), says Pete Thomas, an adviser to the fund, "because it's the only way we have of maximizing shareholders' investment." Emerging Medical Technology Fund says the same. Which, of course, is just how smart investors have always seen it. ■

Stay put? Or take the money and run?

Past results do not bode well for the performance of funds after an open-ending.

Fund	Opening date	Assets[1] ($mil)	Annualized performance[2] fund	market[3]
Lord Abbett U.S. Govt Securities	7/78	$659	10.9%	11.1%
National Aviation & Technology	5/79	92	15.4	19.8
Stratton Monthly Dividend Shares	11/81	44	18.4	22.8
Phoenix Convertible	3/82	156	22.5	25.6
Nautilus Fund	4/85	21	2.5	28.8

[1]At 6/30/87. [2]From opening through 6/30/87. [3]For Lord Abbett U.S. Govt., market index is Merrill Lynch corporate/govt. index. For all other funds, market is S&P 500 stock index.

Ballantine's
FINEST BLENDED SCOTCH WHISKY

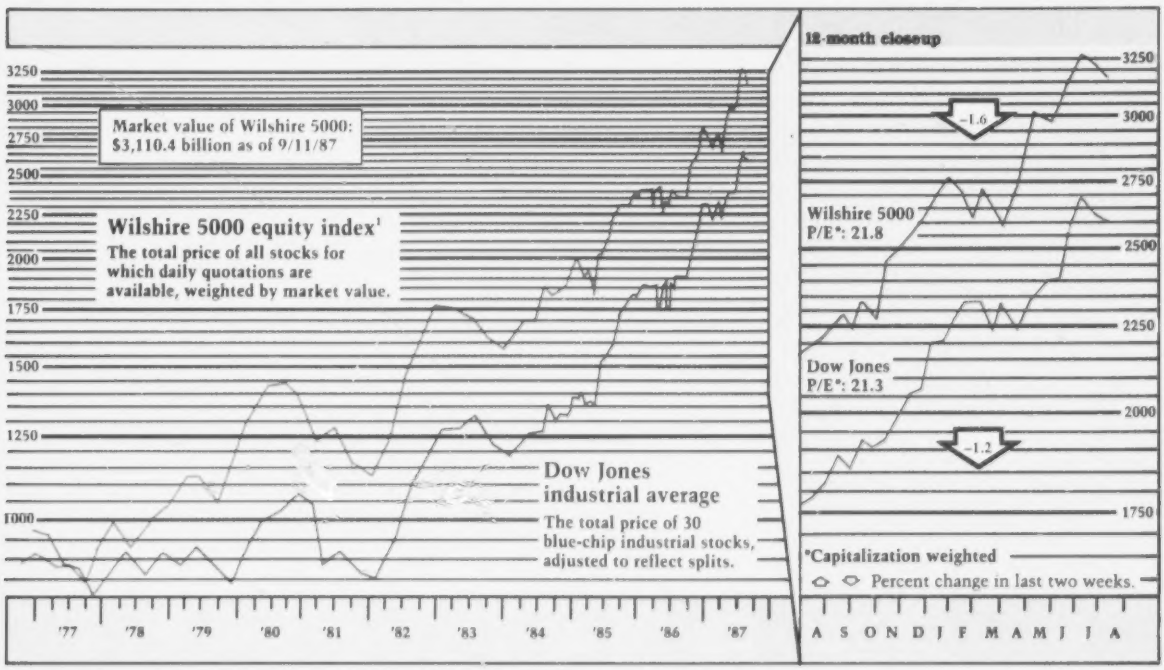
"I don't know how it happened. My son calls from school saying he's picking up a golf course this semester, the next thing I know, I own Pebble Beach. Luckily Ballantine's is still a good value."

The more you know about Scotch, the more you like Ballantine's.

Blended Scotch Whisky. 86 Proof. Bottled in Scotland. Imported by "21" Brands, Inc., New York, NY. © 1987

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen


Market value of Wilshire 5000: $3,110.4 billion as of 9/11/87
Wilshire 5000 equity index[1]
The total price of all stocks for which daily quotations are available, weighted by market value.
Dow Jones industrial average
The total price of 30 blue-chip industrial stocks, adjusted to reflect splits.
3250
3000
2750
2500
2250
2000
1750
1500
1250
1000
'77 '78 '79 '80 '81 '82 '83 '84 '85 '86 '87
12-month closeup
-1.6
Wilshire 5000 P/E*: 21.8
Dow Jones P/E*: 21.3
-1.3
A S O N D J F M A M J J A
*Capitalization weighted
Percent change in last two weeks.

Big stocks were bruised while many secondary stocks were barely touched by Wall Street's selling spree. The 30 Dow industrials declined 2.9% and the NYSE was off 3.6% in the four weeks ended Sept. 11. The Amex, by contrast, was off only 2.4%, and the Nasdaq was off just 1.2%. Overall, the big-capitalization shares drove the Wilshire index of 5,900 stocks to a 3.2% decline.

Riskier stocks held up surprisingly well. The yardsticks below show that very-high-volatility issues rose 2.1% in the last four weeks, while low-volatility shares were off 1.3%. Low-yield, high-growth and low-priced stocks all closed in positive territory.

The current market is far from cheap, even though the price-to-earnings multiple for the market fell over a point, to 21.8. Security analysts have been telling investors that earnings will grow sharply in 1988. If the analysts are correct, the market isn't overpriced. But there is reason to worry about analysts' overoptimism (FORBES, *June 1*).

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	-3.2	-3.7	-2.9	-3.6	-2.4	-1.2
in last 52 weeks	35.1	35.7	48.3	35.5	38.0	28.7

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	-3.2	1.7	2.1	-1.3	-0.5	-1.0	-2.9	1.9	2.2	-2.3	-2.3	0.9
in last 52 weeks	36.2	54.8	82.4	26.5	37.8	22.4	12.8	74.3	79.9	23.2	32.8	47.4

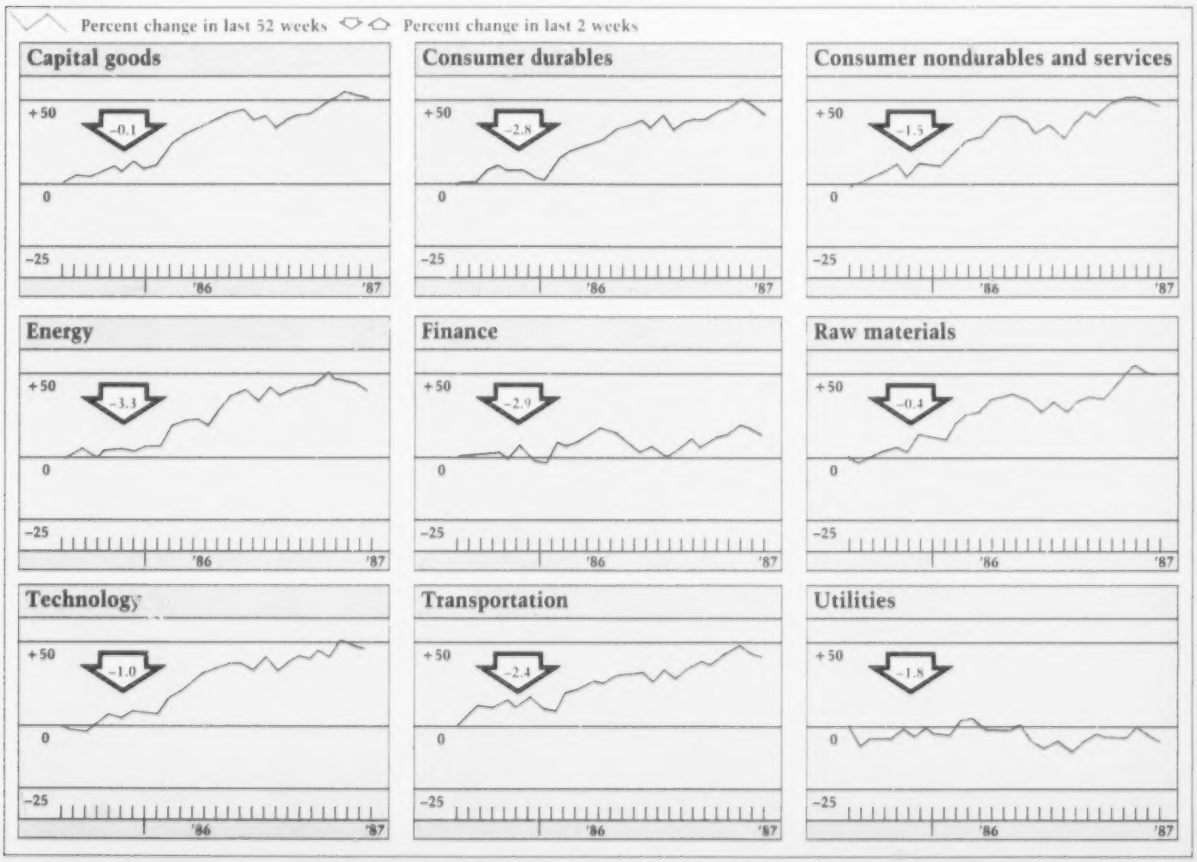
[1]Wilshire index reflects price performance; it differs slightly from market value of outstanding stocks because of retirements of equity since index was created. [2]Based on sales. [3]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations; low-volatility issues are more stable. [4]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 9/11/87. Prepared by Wilshire Associates, Santa Monica, Calif.

Gus French

Where the Action Is

The dollar's weakness sparked fears that foreign investors would pull out of the U.S. Such fears are now at least partially justified. The resilience of secondary issues dampened some of the losses from blue chips but couldn't prevent all nine sectors from following the Wilshire index into the loss column. The capital goods sector, however, closed the period with only a small decline. Heavy equipment manufacturers, such as Caterpillar, Clark Equipment and FMC, bucked the overall market. Such firms continue to profit from the falling dollar as well as the cost-cutting and restructuring done when they were losing sales to foreign manufacturers. Other stocks that gained when the market was falling in September: National Semiconductor, Food Lion and Bell & Howell.



What the Analysts Think

This is the time of year for analysts to pull in their horns. The Institutional Brokers Estimate System reports that for every 100 estimates for 1987 that were recently raised, 122 were lowered. Comparatively speaking, however, that looks optimistic. One year ago, for every 100 estimates that were raised, 200 were lowered.

Forecasting the Forbes Sales 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.35	20.9
1987 estimates	2.98	16.5
1988 estimates	3.85	12.7

Rank based on change in estimate	Sector	Estimated 1987 EPS	Estimated 1987 P/E	% change in 1987 estimate in 2 weeks	% change in 1987 estimate in 4 weeks
1	Raw materials	$2.31	18.2	0.88%	0.81%
2	Energy	2.59	18.4	0.78	1.20
3	Capital goods	2.21	20.3	0.38	0.03
4	Consumer durables	4.24	14.3	0.25	1.07
5	Consumer nondurables	2.32	18.7	0.03	0.11
6	Utilities	2.40	10.7	-0.01	0.00
7	Technology	2.48	18.5	-0.18	1.94
8	Transportation	2.22	16.6	-0.40	-0.70
9	Finance	1.76	19.3	-2.25	-8.92

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York–based brokerage firm.

Note: All data for periods ending 9/11/87. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.